UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/FPA/1999/11
13 July 1999

ORIGINAL: ENGLISH

Third Regular session, 1999
13-17 September 1999, New York
Item 6 of the provisional agenda
UNFPA

UNITED NATIONS POPULATION FUND

Estimates for the Biennial Support Budget for 2000-2001

CONTENTS

		Paragraphs	Page
Abbreviations			3
Organizational chart			4
I.	EXECUTIVE SUMMARY	1-53	7
	A. Financial framework	3-17	7
	B. Objectives and strategy	18-48	12
	C. Summary of proposals	49-53	19
II.	PROPOSALS FOR THE 2000-2001 BIENNIAL SUPPORT BUDGET		23
	A. General	54-97	23
	B. Programme support	98-101	41
	1. Country offices	102-110	42
	2. Headquarters	111-120	43
	C. Management and administration of the organization	121-130	45
III.	DRAFT APPROPRIATIONS DECISION	131	47

99-21375 (E) 260899

Page

LIST OF TABLES

1. Resource plan 5
2. Summary of main areas of increase/decrease 11
3. Budget estimates by appropriation line and by location 21
4. Regular resources posts by category, appropriation line and location 22
5. Proposed changes in regular resources post requirements, 2000-2001 36
6. Estimated distribution of information technology requirements, 2000-2001 39
7. Use of resources: Estimated regional distribution of programmes and programme support 40

LIST OF FIGURES

A. Use of total resources, 2000-20001 6
B. Gross budget estimates by appropriation line, 2000-2001 21
C. Regular resources posts by appropriation line, 2000-2001 22
D. Regular resources posts by category, 2000-2001 22
E. Regular resources posts by category and appropriation line, 2000-2001 37
F. Expenditure by category, 2000-2001 38

SUMMARY TABLES

I. Budget estimates by organizational until within appropriation, line, 2000-2001 48
II. Budget estimates by expenditure category within appropriation line, 2000-2001 49
III. Estimated distribution of posts by source of funds and organizational Unit. 2000-2001 50

ANNEXES

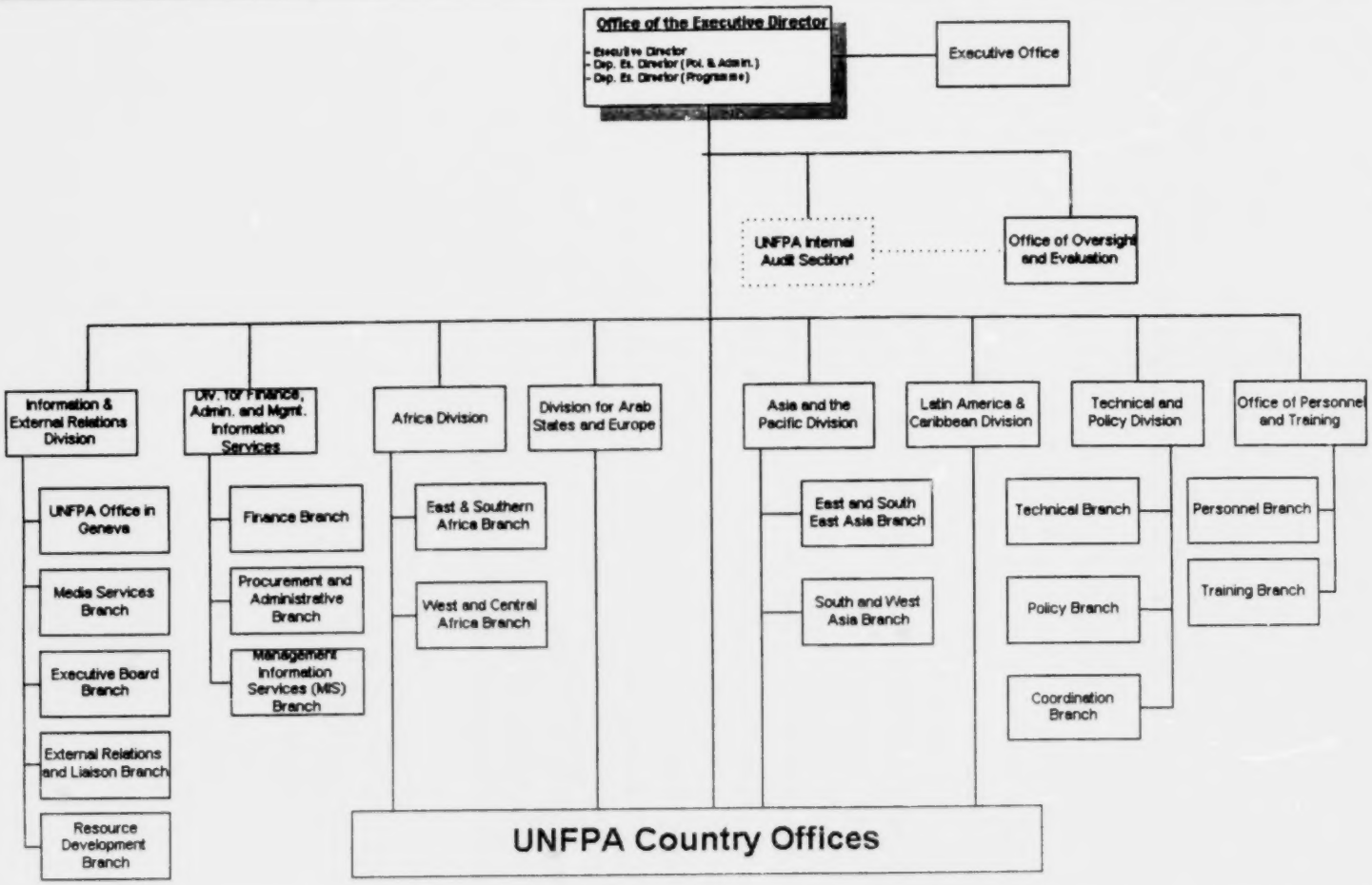
I. Terminology 52
II. Methodology 54

ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
AD	Africa Division
APD	Asia and the Pacific Division
APSS	Administrative and programme support services
DASE	Division for Arab States and Europe
DFAMIS	Division for Finance, Administration and Management Information Systems
EDP	Electronic Data Processing
ICPD	International Conference on Population and Development
IERD	Information and External Relations Division
IPO	International Programme Officer
LACD	Latin America and Caribbean Division
LAN	Local Area Network
MIS	Management Information Services/Systems
NPO	National Programme Officer
NGO	Non-Governmental Organizations
OAPR	Office of Audit and Performance Review
OED	Office of the Executive Director
OOE	Office of Oversight and Evaluation
OPT	Office of Personnel and Training
TPD	Technical and Policy Division
TAP	Technical Advisory Programme
CST	Country Support Teams
TSS	Technical Support Services
UNIFOS	UNFPA Integrated Field Office System

Organigram of the
United Nations Population Fund

1999


Office of the Executive Director
- Executive Director
- Dep. Ex. Director (Pol. & Admin.)
- Dep. Ex. Director (Programme)
Executive Office
UNFPA Internal Audit Section*
Office of Oversight and Evaluation
Information & External Relations Division
Div. for Finance, Admin. and Mgmt. Information Services
Africa Division
Division for Arab States and Europe
Asia and the Pacific Division
Latin America & Caribbean Division
Technical and Policy Division
Office of Personnel and Training
UNFPA Office in Geneva
Media Services Branch
Executive Board Branch
External Relations and Liaison Branch
Resource Development Branch
Finance Branch
Procurement and Administrative Branch
Management Information Services (MIS) Branch
East & Southern Africa Branch
West and Central Africa Branch
East and South East Asia Branch
South and West Asia Branch
Technical Branch
Policy Branch
Coordination Branch
Personnel Branch
Training Branch
UNFPA Country Offices

*Located within UNDP/DAMR

Table 1. UNFPA resource plan

(Thousands of United States dollars)

	1998-1999						2000-2001					
	Regular resources		Other resources		Total resources		Regular resources		Other resources		Total resources	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Resources available											d/	
Opening balance												
Income												
Contributions	720,000.0		50,000.0		770,000.0		621,000.0		50,000.0		671,000.0	
Other a/									20,000.0		20,000.0	
Closing balance									-		-	
Reimbursement for services			3,100.0		3,100.0				2,700.0		2,700.0	
Total	720,000.0		53,100.0		773,100.0		621,000.0		72,700.0		693,700.0	
Use of resources - Programme and support activities												
UNFPA programmes and support activities												
A. Programmes	544,451.5	75.6%	48,500.0	97.0%	592,951.5	77.0%	455,415.4	74.3%	70,600.0	97.1%	526,015.4	76.7%
B. Programme Support												
Country offices	65,427.1	9.1%			65,427.1	8.5%	64,127.6	10.5%			64,127.6	9.4%
Headquarters	24,215.2	3.4%			24,215.2	3.1%	23,737.2	3.9%			23,737.2	3.5%
Agencies												
Technical support	24,000.0	3.3%			24,000.0	3.1%	12,000.0	2.0%			12,000.0	1.8%
Adm. and oper. support	24,000.0	3.3%	1,500.0	3.0%	25,500.0	3.3%	18,000.0	2.9%	2,100.0	2.9%	20,100.0	2.9%
Subtotal	48,000.0	6.7%	1,500.0	3.0%	49,500.0	6.4%	30,000.0	4.9%	2,100.0	2.9%	32,100.0	4.7%
Total programme support	137,642.3	19.1%	1,500.0	3.0%	139,142.3	18.1%	117,864.7	19.2%	2,100.0	2.9%	119,964.7	17.5%
c. Management and admin. of org.	37,906.2	5.3%			37,906.2	4.9%	39,519.9	6.4%			39,519.9	5.8%
Total	720,000.0	100.0%	50,000.0		770,000.0	100.0%	612,800.0	100.0%	72,700.0	100.0%	685,500.0	100.0%
Biennial Support Budget												
Total net budget estimates	127,548.5				127,548.5		127,384.6				127,384.6	
Estimated income and adjustments												
Reimbursement for services b/	11,858.0		1,240.0		13,098.0		18,000.0		900.0		18,900.0	
Supplemental funding - recovery												
Other c/	3,849.0				3,849.0		4,000.0				4,000.0	
Subtotal	15,707.0		1,240.0		16,947.0		22,000.0		900.0		22,900.0	
Total gross budget estimates	143,255.5		1,240.0		144,495.5		149,384.6		900.0		150,284.6	

a/ Other contributions pertains to income obtained from private foundations

b/ Includes Cost recovery 16,200.0

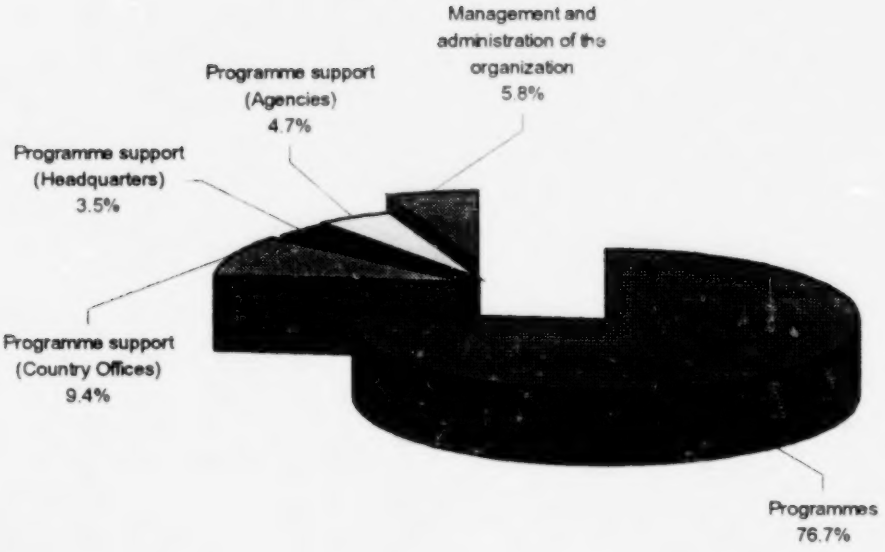
Reimbursable procurement (net) 1,800.0

c/ Includes the reimbursement of income tax to staff members who are nationals of certain states

d/ Figures in this table and in the rest of the document are rounded to the closest decimal, and thus, there may be minor differences due to rounding

/...

Figure A. Use of total resources, 2000-2001


Management and administration of the organization 5.8%
Programme support (Agencies) 4.7%
Programme support (Headquarters) 3.5%
Programme support (Country Offices) 9.4%
Programmes 76.7%

I. EXECUTIVE SUMMARY

1. In accordance with Regulation 9 of Article IX of the Financial Regulations and Rules of the United Nations Population Fund (UNFPA), the Executive Director submits herewith the estimates for the biennial support budget for 2000-2001, previously referred to as the administrative and programme support services (APSS) budget. The proposal has been submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for its examination and comments. (The report of the ACABQ is contained in document DP/FPA/1999/14.)

2. The proposed budget has been prepared in accordance with the format and guidelines approved by the Executive Board in decisions 97/6 and 99/3 on the harmonization of the budgets of UNDP, UNFPA and UNICEF. Documents DP/1997/2, Add.1, and DP/FPA/1999/1 provide details on the common format, terms and definitions, and methodology for the presentation of budget estimates. Annex I contains a list of terms and their definitions as agreed upon by the three organizations. Annex II contains an explanation of the methodology applied in calculating the budget estimates.

A. Financial framework

3. The proposed biennial support budget for 2000-2001 assumes a total income of $691 million, which consists of $621 million in regular resources and $70 million in other resources, as reflected in the Fund's work plan for 2000-2003 (DP/FPA/1999/9). This projection takes into account preliminary indications from major donor countries about their pledges for 2000.

4. UNFPA's regular resources income in 1998 was $280.6 million, a decrease of $12.8 million, or 4.4 per cent, from the 1997 income of $293.4 million. This figure includes contributions from Governments, investment income, private donations and other miscellaneous income and adjustments; however, it excludes all contributions received from donors for specific projects and activities under trust funds. Regular resources income for 1999 is estimated at approximately $253.2 million, bringing to $533.8 million the Fund's estimated regular resources income for the 1998-1999 biennium. The total estimated income for 1998-1999, including an estimated $63.7 million from multi-bilateral funds, is $597.5 million.

5. The income estimate used in the preparation of the biennial support budget for 2000-2001 represents a marked decrease from the income estimate used in the previous biennial budget for 1998-1999. The total income estimate of $691 million for 2000-2001 represents a 10.3 per cent reduction from the 1998-1999 estimate of $770 million. Likewise, the regular resources estimate of $621 million is 13.7 per cent lower than the 1998-1999 estimate of $720 million.

6. It is anticipated that, through conscious cost-containment efforts, the gross support budget expenditures for 1998-1999 will not exceed $133.5 million, or some $9.8 million (6.8 per

cent) less than the approved appropriations. In terms of net budget, the expected expenditure is approximately $112.9 million, or $14.6 million (11.5 per cent) lower than the approved net budget. UNFPA is well aware of the resource situation outlined above and fully expects to manage its biennial support budget expenditures within reasonable limits, especially in relation to its actual income.

7. Table 1, "UNFPA resource plan", provides the estimated resources available to UNFPA in the 2000-2001 biennium, and the planned use of those resources. As a result of improved programme planning and management, UNFPA does not foresee any carry forwards from the 1998-1999 biennium, nor from the 2000-2001 biennium to the next. Therefore, UNFPA plans to fully utilize all of the expected total income of $691.0 million during the biennium, plus the some $2.7 million in income derived from reimbursable procurement activities, resulting in a total of $693.7 million. However, since UNFPA is mandated to maintain its operational reserve at 20 per cent of the projected regular resources income, $8.2 million of this amount will have to be added to the operational reserve for the biennium.

8. As reflected in table 1, the largest portion ($526.0 million), or 76.7 per cent of the total expected expenditure, will be expended on programmes. This is comparable to the percentage in the previous biennium (77.0 per cent). Figure A shows how the total resources will be distributed in the next biennium.

9. The remaining resources, or 23.3 per cent of total expenditures (23.0 per cent in 1998-1999), will be used for programme support (headquarters and country offices), agency programme support costs, and the management and administration of the organization. The proposed biennial support budget for 2000-2001, which amounts to $127.4 million (net) or $149.4 million (gross)[1], consists of three components: programme support at the country level, programme support at headquarters, and management and administration of the organization, which together account for 20.5 per cent (net) or 24.1 per cent (gross) of the regular resources income estimate of $621 million. Calculated as a percentage of the total estimated resources of $691 million during the biennium, the net biennial support budget represents 18.4 per cent and the gross biennial support budget represents 21.6 per cent.

10. As shown in table 1, the net biennial support budget for 2000-2001 accounts for 18.7 per cent of the total expenditure, broken down as follows: programme support at the country level (9.4 per cent); programme support at headquarters (3.5 per cent), and management and administration of the organization (5.8 per cent). In the 1998-1999 budget, the corresponding figure was 16.5 per cent.

[1] Definitions of gross and net budget:

gross budget: The budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment), and all other costs are estimated on a gross basis, i.e., inclusive of income-tax payments for staff, total local office costs, and cost of services to be rendered.

net budget: The budget in which estimates of payments to be received offset, in whole or in part, the related gross budget estimates.

11. A comparison of these percentages for 1998-1999 and 2000-2001 could give the impression that the 2000-2001 biennial support budget is larger than the 1998-1999 budget but it is not. The increase in percentage is due to declining resources, not to an increase in the size of the support budget. Thus, the smaller ratio of biennial support budget to income in 1998-1999 is a result of a higher income estimate for 1998-1999. In fact, in absolute terms, the net level of the 2000-2001 budget is slightly smaller than that of the 1998-1999 budget.

12. In addition, while regular resources are projected to increase by $87.2 million, from $533.8 million in 1998-1999 to $621.0 million in 2000-2001, representing a 16.3 per cent increase, the related gross biennial support budget is estimated to be $149.4 million, an increase of only $6.1 million, or 4.3 per cent more than the $143.3 million for 1998-1999. Looking at the net estimates, the proposed budget for 2000-2001 is estimated at $127.4 million, a 0.1 per cent decrease from the 1998-1999 net budget appropriation.

13. Some of the organizational units at UNFPA, while being funded through the biennial support budget, perform tasks associated with other resources related to programmes (multi-bilateral funds) and procurement services provided to government-executed projects. Reimbursement for services rendered by UNFPA is recorded as income to the regular resources budget to compensate for the related costs, as explained in the document "Harmonization of budgets: UNDP, UNFPA and UNICEF" (DP/1997/2) (see paras 31-40 in particular). Because of the relatively small scale of these resources, it would not be cost-effective to try to apportion the costs recovered to all the organizational units that provide the requisite support. Thus, the total estimated income in the amount of $16.2 million accrued during the 2000-2001 biennium is credited proportionately among the three appropriation lines (programme support at the country level, programme support at headquarters and management and administration of the organization). This estimate reflects the increased income generated by the implementation of decision 98/22, relating to the rates of cost recovery. (For further details, see document DP/FPA/1998/11).

14. Other resources relating to reimbursements (procurement services to third parties) are administered separately from regular resources. In line with revised UNFPA Financial Regulations and Rules, as approved by the Executive Board in its decision 98/21, the balance of income remaining at the close of the biennium after meeting the direct costs of these services is also credited to the biennial support budget. Income from reimbursement for services to third parties during 2000-2001 is estimated to be $2.7 million. Of this amount, only $0.9 million is expected to be spent for direct costs (salaries, rent, and operating expenses for procurement staff), with the balance of $1.8 million to be credited as income to the regular resources budget, which is apportioned among the three appropriation lines.

15. In addition, following a suggestion by the ACABQ in its report DP/FPA/1997/15, and reflected in the budget harmonization methodology (DP/FPA/1999/1), the income tax

reimbursed to nationals of certain states, estimated at $4.0 million during 2000-2001, has also been credited to the biennial support budget. [2]

16. The resulting $22.0 million -- the estimated income of $16.2 million for cost recovery, the $1.8 million for reimbursable procurement, and the income-tax reimbursement of $4.0 million -- is expected as income to the gross budget of $149.4 million, yielding a net budget of $127.4 million.

17. Cash flow. As indicated in paragraph 7 above, UNFPA will add $8.2 million to the operational reserve during the biennium to maintain the reserve at the mandated level. In the past, UNFPA has often used the operational reserve to temporarily finance ongoing activities, pending receipt of donor contributions. At the end of 1998, due to higher levels of implementation and lower amounts of contributions from donors, the operational reserve was drawn down by approximately $6.5 million. In 1999, due mainly to declining resource levels, it is likely that the operational reserve will again have to be drawn down. In view of the unpredictability of the payment of contributions, and declining resource levels, UNFPA expect to have to use the operational reserve to cover cash-flow shortages during the next biennium.

[2] This credit is included in the "estimated income and adjustments" line in table 1 under "other".

Table 2. Summary of main areas of increase/decrease

(in thousands of United States dollars)

	Volume	Cost	Total
I. 1998-1999 Net appropriation estimates			127,548.4
II. Increases			
New local posts, field offices (staff costs plus operational expenses)	1,255.5		
Additional internal audit capacity	1,005.0		
Net effect of new rental contract, NY premises	80.0	1,237.8	
Net inflation/step and other cost adjustments, headquarters		3,884.6	
Net inflation/currency/step and other cost adjustments, field		3,415.5	
Subtotal	2,340.5	8,537.9	10,878.4
III. Decreases			
Net volume reductions, headquarters	(1,891.1)	-	
Net volume reductions, field offices	(3,452.4)	-	
Subtotal	(5,343.5)	-	(5,343.5)
IV. Net other increases/decreases	94.3	500.0	594.3
V. Net change in estimated income	(6,293.0)	-	(6,293.0)
VI. 2000-2001 Net appropriation estimates	(9,201.7)	9,037.9	127,384.6

B. Objectives and strategy

18. The Executive Director requests appropriations of $149.4 million (gross) or $127.4 million (net) for the 2000-2001 biennium to cover the cost of staff and support resources that are considered essential for the continued delivery of high-quality programmes. Thus, the proposed net budget, which reflects a slight decrease of 0.1 per cent, or $0.2 million in absolute terms from the budget for 1998-1999 is designed to put UNFPA in the best possible position given its resource base to respond effectively and efficiently to its policy and programme requirements during the coming biennium.

19. As a result of a number of important developments since 1995, the implementation of UNFPA-supported programmes has improved, as has the Fund's utilization of its resources. These include, among others, the adoption of new programme priorities for UNFPA; the development of a new resource allocation system; the streamlining of programming procedures; the use of the logical framework approach for formulating and monitoring programmes and sub-programmes; the continued decentralization of authority and decision-making on programmes to the field, as well as continuing efforts to enhance the Fund's management capacity. As is clear from the analysis that follows, the implications of the ICPD+5 review, UNFPA's transition to a results-based orientation through a multi-year funding framework, the Fund's participation in United Nations reforms and UNFPA's continuing commitment to further enhancing the quality and performance of its programmes all indicate a critical need for the organization to expand its field network, as well as its strategic, substantive and monitoring capacities at the headquarters.

20. However, as documented in the previous section on financial framework, the regular resources of UNFPA have not kept pace with programme demands of developing countries. Consequently, UNFPA is projecting a modest level of resources in the 2000-2001 biennium and thus is proposing a modest support budget for the biennium. The Fund has included a package of proposals that, by containing the ratio of the level of support budget to its regular income, will result in a slight decrease in staffing capacity at headquarters through a temporary freezing of a number of vacant posts during the biennium. The only additions in the proposed budget relate to mandatory and unavoidable increases as well as to the need to strengthen the field network with national staff and to further reinforce audit and oversight capacity at headquarters.

21. Consistent with this strategy, UNFPA proposes the creation of 46 new local posts (see section II for more details), at an additional cost of $1.3 million. It should be noted that the 46 new local posts is the maximum that UNFPA can afford to add to its structure in the 2000-2001 biennium, given the income restrictions.

22. Consistent with paragraph 20, the budget proposals for the 2000-2001 biennium provide for an additional $1 million during the biennium to strengthen UNFPA's internal audit and oversight capacity.

23. Table 2, "Summary of main areas of decrease/increase", summarizes the financial effects of UNFPA's strategy for the coming biennium, highlighting the main additions and reductions in the 2000-2001 budget compared to the 1998-1999 budget.

24. Table 2 shows that the main thrust of UNFPA's strategy for 2000-2001 is to strengthen its country office network and its internal audit capacity, while keeping its programme support, management and administration costs at the lowest possible levels. Thus, the first item under "increases" refers to the additional cost of the 46 new local posts, and the second item refers to the expansion of the internal audit section, at an additional cost of $1 million.

25. At the same time, UNFPA will make significant cost reductions to its structure in 2000-2001. These cuts, added to the temporary freezing of certain headquarters posts, result in a volume reduction of $5.3 million ($3.4 million in the field, and $1.9 million at headquarters) over the 1998-1999 support budget. Owing to its relatively small size, UNFPA has limited scope to effect any further cost savings and efficiencies without compromising the operational capacity of the organization to carry out its mandate.

26. The final volume decrease shown in table 2 represents a net change of $6.3 million in the form of credits to the budget. This presentation is in accordance with the harmonization methodology, as described in document DP/FPA/1991/1, and results from a projected increase of the credits to the budget over the amounts estimated in the 1998-1999 budget. The components of this credit to the budget are described in section A. of this report (paras 13-16). The marked increase between the 1998-1999 estimate and the 2000-2001 proposal is also an important part of UNFPA's strategy, as it allows UNFPA to expand its capacity (note that the gross budget estimates are 4.3 per cent higher than in the budget of 1998-1999), while slightly reducing the net budget estimates.

27. This increase in the credit estimates is largely based on the actual 1998 figure of $10.3 million, which is substantially larger than the budgeted amount of $7.9 million for the same year. The estimate for 2000-2001 is therefore based on this favourable 1998 level, as well as the additional income to be generated by the new cost-recovery rates approved by the Executive Board in its decision 99/22 (see para 13 of this report, as well as document DP/FPA/1998/11).

28. Overall cost increases, as shown in table 2, amount to approximately $9 million. This takes into account inflation and mandatory increases in staff salaries. As can be seen in table 3, cost increases related to the management and administration of the organization amount to approximately $3 million, or 7 per cent more than in the 1998-1999 appropriations. Those that relate to UNFPA's programme support amount to just over $6.0 million -- $3.9 million in country offices and $2.1 million at headquarters. A major item factored into the proposal relates to the renewal of the headquarters office lease in New York, which expires on 31 December 2000. As

shown in table 2, the net effect in the 2000-2001 budget of this renewal is an increase in the budget estimated at $1.3 million.

29. Given the mandatory cost increases described above and in view of the need to maintain the budget at modest levels, UNFPA must realize savings in the proposed budget to compensate for the additions described in paras 24 and 28. One tool is the management of the vacancy rate. UNFPA's relatively small size limits the possibilities for redeployment and replacement of staff. However, UNFPA feels confident that it can maintain the vacancy rate of the internationally recruited staff at 6 per cent, instead of the 4 per cent used for the 1998-1999 budget. This will enable UNFPA to reduce its budget estimate by approximately $1 million compared to what it would be if the vacancy rate were maintained at 4 per cent.

30. Also, UNFPA will control and curtail some of its operational expenses. The Fund will thus restrict and/or shorten missions, reduce consultancies, produce fewer publications, and restrict or delay replacement of equipment, among other, similar cost-saving measures. The Fund will also limit the levels of expenditures in country offices by carefully managing the annual allotments given to them. Indeed, the budgetary requests from the country offices were scaled down substantially before being incorporated into the present proposal.

31. It should be noted that there are several important developments underway, that, while not having direct and immediate financial implications for the proposed 2000-2001 biennial budget, have broad policy and strategic implications for the operations of the Fund. They are highlighted below to facilitate a better understanding of the context for the present budget proposal.

Multi-year funding framework

32. At the request of the Executive Board, as contained in decisions 98/24 and 99/6, UNFPA is committed to the formulation and implementation of a multi-year planning, management and funding framework (MYPMF). It is expected that this MYPMF will help increase the Fund's regular resources and put UNFPA's funding on a more predictable, assured and continuous basis. The first four-year multi-year plan, based on such a framework (please refer to DP/FPA/1999/CRP.2 for details), will be submitted to the Board at its second regular session in 2000. It will identify outputs and performance measures for the period, provide a breakdown of resource utilization for the same period by programmes and support budget, and identify a funding mechanism to help mobilize the needed resources. By adopting this framework, UNFPA hopes to mainstream a results-based management approach to its operations, both in the country offices and at headquarters. In order to move ahead on this important approach, the Fund has put together a small unit to undertake a broad range of tasks, including awareness creation, consensus buidling and training associated with the approach. Eventually, these tasks needs to be institutionalized.

Implications of ICPD + 5

33. The on-going review and assessment of the ICPD+5 process are critical for the future programming and direction of UNFPA. The review process has examined what has worked and

what has not in the first four to five years after ICPD, and lessons learned are beginning to be applied in ongoing and new programmes. While the experience to-date in countries reconfirms the validity of the ICPD Programme of Action, it has also identified a number of constraints and obstacles to the implementation of the Programme of Action. The preliminary implications of such constraints and obstacles for UNFPA programmes indicate the need to strengthen UNFPA's role in advocacy for population and development, as well as for reproductive health; to improve the management and monitoring of its programmes of support; to improve coordination with its development partners particularly at the country level; and to help Governments in coordinating external assistance, developing replicable models and identifying and disseminating lessons learned. Such issues can be addressed only by strengthening UNFPA's staffing capacity at the country level. This requires increasing staff resources, enhancing staff skills and knowledge and providing the needed financial and institutional support to implement programme activities. Given current income constraints, and pending the completion of ICPD+5 review process, the full implications of the review have not been reflected in the budget.

United Nations reforms

34. UNFPA is actively engaged in a number of system-wide coordination processes and fully supports the United Nations reforms. The Fund is a member of the United Nations Development Group (UNDG) and its Executive Committee and participates in all of the UNDG sub-groups and activities. This is a complex and time-consuming process that requires substantial inputs from UNFPA country offices and headquarters. For a relatively small organization with a lean staff and heavy workload, it has been a tremendous challenge for UNFPA to take on a large number of additional activities related to reform and inter-agency coordination. It is hoped that some of this initial additional activity might be better integrated and streamlined over time, yet it is clear that this will continue to represent a special challenge that the organization must address the best way it can. UNFPA also participates in a number of other coordination mechanisms, notably the other executive committees that have been established as part of the United Nations reform and the United Nations system-wide coordination machinery of the Administrative Committee on Coordination (ACC).

UN House programme

35. In the area of common services and premises, the Fund is a full member of the UNDG Sub-Group on Common Premises and Services (SGCPS), as well as of the Management Group on Common Services and Premises (MGSP). A joint report on common premises prepared by UNDP, UNICEF, WFP and UNFPA, as part of the Executive Committee of the UNDG, was submitted to the Executive Board at its second regular session in 1999 (see DP/1999/CRP.5). The report was intended to present the experience and progress to date in the pursuit of the UN House Programme. Two options were provided with regard to the pace of implementation with indications of required financial requirements. To date, the Secretary-General has formally designated UN Houses in 31 countries, and there are a number of potential countries where relocation to new premises matching the UN House definition is scheduled to take place in the near future.

36. While various benefits could result in the longer term from common premises, especially in combination with the possible provision of common services, the experience to date for a small organization like UNFPA has been one of cost increases, both in upfront installation costs and in recurrent annual operating costs. In view of the income constraints faced by UNFPA in the 2000-2001 biennium, and the modest benefits experienced by UNFPA from common premises initiatives, the Fund can only support the slower scenario contained in DP/1999/CRP5. The financial implications of such a scenario for UNFPA will be $2.2 million for capital costs together with anticipated increases in rental costs during the biennium. UNFPA would like to use the Reserve for Field Accommodation that was established for UNFPA by the Governing Council, in paragraph 17 of decision 91/36 of 21 June 1991. The unspent balance of funds in the Reserve is adequate to cover UNFPA's share of the UN House programme envisaged during 2000-2001, under the slower pace scenario. This approach, while not affecting the level of support budget for the ensuing biennium, will enable UNFPA to participate fully and actively in the United Nations reforms. This information is included here to facilitate completeness and transparency of the financial and related requirements of UNFPA during the next biennium.

Information and communication strategy

37. In line with its overall role in advocacy, UNFPA's information and communication strategy focuses on disseminating the principles, goals and objectives of ICPD. To do this, UNFPA addresses specific problems or goals with appropriate messages aimed at specific audiences, using the most efficient tools available -- e.g. media services, brochures, face-to-face meetings, special ambassadors -- and by working with allies where possible. Although the resources available to implement the information and communication strategy have been declining, the Fund's advocacy and information activities have improved.

Integrated Management Information Systems (IMIS)

38. The implementation of the finance module of IMIS has incurred additional costs due to staff training, conversion of data from the old system, additional data entry and adaptation of IMIS to meet UNFPA's needs. Given the early stages of implementation, the financial implications of IMIS for 2000-2001 are not yet clear. All additional costs in 2000-2001 will have to be met from the budget as proposed.

Resource Management System (RMS)

39. As IMIS does not cover all of UNFPA's needs, the RMS needs to be developed. The RMS would enable UNFPA to improve the monitoring of its programme and other activities. This system is intended to upgrade and integrate all the computer systems currently in use, with an estimated cost of between $4.4 million and $5.7 million. UNFPA intends to seek contributions in cash or in kind to enable it to proceed with the development of the RMS. If donor responses to UNFPA's request are insufficient, consideration will be given to utilizing programme funds for this purpose.

Enhancement of internal oversight and evaluation

40. The Office of Oversight and Evaluation (OOE) was created in late 1996, and it reports directly to the Executive Director. It serves as a focal point for monitoring and following up on the results of the various oversight functions and mechanisms. This unit has been expanding its activities since its creation, primarily to meet the growing need to ensure accountability that comes with the increased decentralization of authority. The staffing and budgetary implications of these expanded activities are detailed below in paras 69-71.

Strengthening human resources capabilities

41. During the last decade, there have been significant changes in the way UNFPA operates. Because these have involved new approaches to programming, they have had, of necessity, implications for the structure of the organization. These have included the realignment and addition of functions within and among divisions and offices and the increased delegation of authority to the field. Processes and procedures have also changed from what they were 10 years ago and reflect the advent of new technology and the need to modify the roles and responsibilities of most work units.

42. To address this transformation in the long-term, and to ensure that UNFPA has a staff capable of maintaining its position as lead agency in the United Nations in implementing the Programme of Action of the ICPD, the approach to personnel and training will need to be redefined. Currently, the structure, staffing and working methods of the Office of Personnel and Training (OPT) largely reflect its limited historical role as a service provider. Increasingly, it will have to become a strategic partner involved in all aspects of the organization's work. To do this, it will need to redefine the skills and profiles of its staff. Additionally, it will need to be organized in such a way that it will be able to develop new approaches to manage the human resources of the Fund. This will require a structure capable of providing: human resources planning; integrated professional and client-oriented services; career management based on competency needs and individual performance and potential; and programmes that will build the Fund's leadership, teamwork and management capacity.

43. In the short-term, UNFPA has sought to strengthen the capabilities of its human resources by launching a workforce planning exercise and by strengthening its staff training activities. The objectives of the workforce planning exercise are as follows: (a) to provide a comprehensive assessment of staff roles and responsibilities including workload analysis at headquarters and in country offices; (b) to update post and organizational structures in order to meet and reflect programme changes; (c) to allow for a more efficient allocation of human resources in keeping with current and future realities; and (d) to ensure better planning and management of human resources. Underpinning this exercise is an effort to advance the process of strategic decentralization by clarifying the roles of headquarters and country offices and by developing collaborative and sustainable partnerships between them.

44. To date, the first phase of the project has been completed. Over a six-month period all staff at headquarters and in selected country offices have described what they actually do. Independent consultants have analysed these descriptions, discussed them with division and branch chiefs and with individual staff members and made recommendations to senior management on how to clarify unit responsibilities and avoid duplication of responsibilities between divisions and branches and between headquarters and the field.

45. Phases 2 and 3 are expected to last 12 months (July 1999-June 2000) and will consist of a pilot stage focused on the decentralization of processes between headquarters and the field and third and final stage intended to translate on a Fund-wide scale the "re-engineering" methodology developed in Phase 2. At the conclusion of the exercise in mid-2000, it is intended that collaborative partnerships will have been developed between headquarters and the field that preserve programme integrity and quality and ensure that decentralization is sustainable. Possible staffing implications could be the further transfer of staff from headquarters to the field activities. The implications for training are also significant. New job descriptions, new unit responsibilities and increased decentralization of functions will require different skill sets and new training packages.

Technical Support Services (TSS) System

46. UNFPA apportions the costs of the TSS system between programme and technical support costs (see table 1). This apportionment was also done in the 1998-1999 budget, in accordance with the guidelines in Annex 3 of document DP/1997/2 "Harmonization of budgets, UNDP, UNFPA and UNICEF". The apportionment reflects the fact that, although the TSS and Country Support Team advisors carry out mostly programme functions, they also perform some programme support functions. It is important to note that all TSS and CST posts are project posts, clearly tied to projects, which provide direct input to programmes and projects. The composition of the TSS varies over time depending on the changing needs of the countries. Although most of these project posts are executed by other agencies, some are executed by UNFPA. As in the past, these project posts are not part of UNFPA's structure and thus are not included in the biennial support budget.

47. In the 1998-1999 biennial support budget, the apportionment between programme and technical support was 60 and 40 per cent, respectively, based on the distribution of functions at that time. Since then, UNFPA has revised some of the aspects of the TSS system, based on in-depth reviews conducted during the last two years. The results of these reviews are being presented to the Executive Board at its third regular session in 1999 in document DP/FPA/1999/12, entitled "Technical Advisory Programme, 2000-2003." This document proposes a stronger orientation towards the building of national capacity and the transfer of skills to host countries, which are clearly programme functions. The functions are therefore more geared towards programme than towards programme support activities. (To more appropriately reflect this shift in emphasis and the new orientation, the system is being renamed Technical Advisory Programme).

48. Therefore, based on best estimates of the actual time that advisers and specialists will devote to their revised functions, as proposed in the UNFPA submission to the Executive Board

(DP/FPA/1999/12), a distribution of 75 per cent and 25 per cent to programme and programme support, respectively, has been used.

C. Summary of proposals

49. The biennial support budget for 2000-2001 is estimated at $149.4 million (gross) and $127.4 million (net), taking into account credits of $22 million to be earned by UNFPA and applied to the biennial support budget, in accordance with the methodology outlined in document DP/1997/2 and DP/FPA/1999/1 and approved by the Executive Board.

50. The proposed budget represents an effort to implement UNFPA's strategy as described above and to accommodate mandatory cost increases. This is achieved by obtaining efficiencies from cost-cutting measures and optimizing income credits. The result of this effort is that the proposed net appropriation represents a slight decrease (0.1 per cent) from the 1998-1999 net appropriation of $127.5 million. At the gross level, the 2000-2001 proposed appropriation is a 4.3 per cent higher than the 1998-1999 approved gross appropriation of $143.3 million.

51. Table 3 summarizes the budget estimates by appropriation line and location. It shows that most of the cost increases will be offset by corresponding volume decreases, representing cost reductions. At the net level, UNFPA will make volume reductions of $9.2 million overall to be able to offset mandatory cost increases of more than $9.0 million, including inflation and other cost increases such as the increase in the New York rental costs. See paras 29-30 for a more detailed discussion of the cost reductions that UNFPA expects to obtain.

52. Figure B shows that approximately half of the requested gross appropriation relates to country offices. The other half is shared by programme support at headquarters (18.6 per cent) and the management and administration of the organization (31.0 per cent). As seen in table 3, the corresponding ratios in 1998-1999 were 51.3 per cent to the field, and 48.7 per cent to headquarters (programme support, 19 per cent; management and administration of the organization, 29.7 per cent). In spite of UNFPA's continued priority to strengthening its country office network, and the temporary freezing of certain headquarters posts,[3] the headquarters portion of the proposed budget shows a slight increase compared to the previous biennium. This is the result of the additional resources being proposed to strengthen the internal audit section, the effect of the renewal of the New York premises lease, and mandatory cost increases.

53. Table 4 summarizes the regular resource posts of the organization by category, appropriation line and location. The proposal includes a net increase of 46 posts, all local, that would bring the total staffing of UNFPA to 1,018 posts. Figure C shows that 76.2 per cent of those posts are assigned to country offices, and the balance in headquarters, distributed between programme support (10.7 per cent) and management and administration of the organization (13.1 per cent). The breakdown by category is as follows: 194 internationally recruited posts, a figure

[3] By temporarily freezing a total of 11 posts (4 Professionals and 7 General Service) at headquarters, the cost savings to the budget will be around $1.9 million in the biennium.

that remains unchanged from the current biennium; and 824 locally recruited posts (137 in headquarters and 687 in the field). Figure D shows that the internationally recruited posts account for 19.1 per cent of all UNFPA regular resource posts, whereas locally recruited posts represent 80.9 per cent (national professional, 16.7 per cent; and General Service and other, 64.2 per cent).

Table 3. Budget estimates by appropriation line and by location (in thousand of United States dollars)

Gross budget estimates	1998-1999		Changes				2000-2001	
	Approved appropriations	% of Total	Volume		Cost		Proposed estimates	% of Total
			Inc./(Dec.)	%	Inc./(Dec.)	%		
By appropriation line								
Programme support								
Country office	73,484.2	51.3%	(2,196.9)	-3.0%	3,915.5	5.3%	75,202.8	50.3%
Headquarters	27,199.2	19.0%	(1,506.6)	-5.5%	2,144.0	7.9%	27,836.7	18.6%
Mgmt. and admin. of org.	42,572.0	29.7%	794.8	1.9%	2,978.3	7.0%	46,345.2	31.0%
TOTAL	143,255.4	100.0%	(2,908.7)	-2.0%	9,037.9	6.3%	149,384.6	100.0%
By location								
Country offices	73,484.2	51.3%	(2,196.9)	-3.0%	3,915.5	5.3%	75,202.8	50.3%
Headquarters	69,771.2	48.7%	(711.8)	-1.0%	5,122.4	7.3%	74,181.8	49.7%
TOTAL	143,255.4	100.0%	(2,908.7)	-2.0%	9,037.9	6.3%	149,384.6	100.0%
Estimated Income	(15,707.0)		(6,293.0)	40.1%			(22,000.0)	
Net budget estimates	127,548.4		(9,201.7)	-7.2%	9,037.9	7.1%	127,384.6	

Figure B. Gross budget estimates by appropriation line 2000-2001

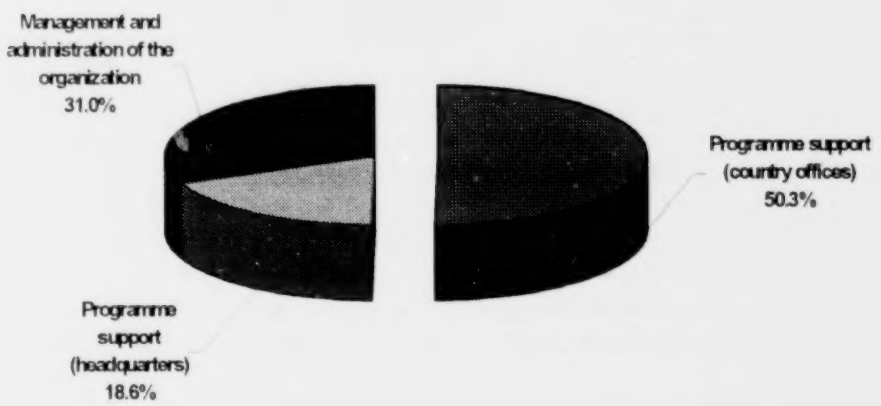

Management and administration of the organization 31.0%
Programme support (country offices) 50.3%
Programme support (headquarters) 18.6%

Table 4. Regular resource posts by category, appropriation line and location (in thousands of United States dollars)

Posts	1998-1999 Approved posts					Changes (Increase/(Decrease))				2000-2001 Proposed posts				
	IP	NP	GS/Oth	Total	% of Total	IP	NP	GS/Oth	Total	IP	NP	GS/Oth	Total	% of Total
By appropriation line														
Programme support														
Country offices	89	156	485	730	75.1%	0	14	32	46	89	170	517	776	76.2%
Headquarters	54	0	55	109	11.2%	0	0	0	0	54	0	55	109	10.7%
Mgmt and admin of org	51	0	82	133	13.7%	0	0	0	0	51	0	82	133	13.1%
TOTAL	194	156	622	972	100.0%	0	14	32	46	194	170	654	1,018	100.0%
By location														
Country offices	89	156	485	730	75.1%	0	14	32	46	89	170	517	776	76.2%
Headquarters	105	0	137	242	24.9%	0	0	0	0	105	0	137	242	23.8%
TOTAL	194	156	622	972	100.0%	0	14	32	46	194	170	654	1,018	100.0%

Figure C. Regular resources posts by appropriation line, 2000-2001

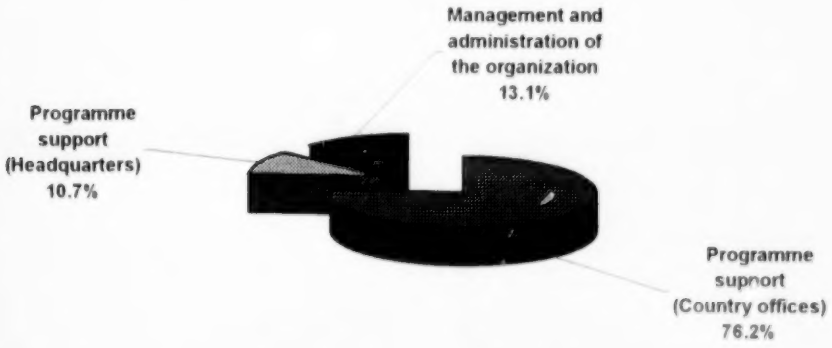

Management and administration of the organization 13.1%
Programme support (Headquarters) 10.7%
Programme support (Country offices) 76.2%

Figure D. Regular resources posts by category, 2000-2001

II. PROPOSALS FOR THE 2000-2001 BIENNIAL SUPPORT BUDGET

A. General

1. Staffing

54. In accordance with the budgetary strategy outlined above, the staffing proposals for the 2000-2001 biennium are designed to meet the programme support and administrative needs of the Fund in the coming biennium and beyond. The proposal includes no new posts for headquarters, no new internationally recruited posts in the field, and an increase of 46 locally recruited posts in country offices.

55. Based on past experience, vacancy rates of 6 per cent for internationally recruited staff (both at headquarters and in the field) and 2 per cent for locally recruited staff at headquarters and at country offices have been used in the calculation of actual staff costs. In addition, UNFPA will temporarily freeze recruitment against 11 headquarters posts (4 Professionals and 7 General Service) during the biennium. The savings related to these 11 posts are estimated at $1.9 million for the biennium. Also, to reflect the fact that new posts are not usually filled immediately after their approval by the Executive Board, the cost of the new local posts has been estimated based on a 15-month incumbency, taking into account sufficient lead time between approval of the post and appointment of staff, as well as the need for cost savings.

56. Realignment of headquarters units. During the last few years, the Fund has gradually realigned some of its headquarters units as part of the continuing effort to strengthen the Fund's management and overall efficiency. During 1998, the realignment was continued with the following movements:

(a) The Planning and Coordination Division ceased to exist as a division, and its remaining functions were redeployed to other divisions (the Management Information Services to Division for Finance, Administration and Management Information Services, and planning and statistics to Technical and Policy Division).

(b) The Division for Finance Personnel and Administration (DFPA) was transformed into the DFAMIS (Division for Finance, Administration and Management Information Services), which encompasses the Finance Branch and Procurement and Administration Branch from the previously designated DFPA, plus the Management Information Services Branch. The Training and Personnel Branches were amalgamated into a new organizational unit called the Office of Personnel and Training (OPT).

(c) The Technical and Evaluation Division was renamed Technical and Policy Division (TPD). The internal structure of the division was reorganized, with the former five branches rearranged into three branches (Technical Branch, Policy Branch, and

Coordination Branch). The Library Services Unit was relocated to Information and External Relations Division (IERD).

(d) To further strengthen the oversight capacity at headquarters, one professional post was moved from TPD to the Office of Oversight and Evaluation (OOE)

57. Table 5 provides a breakdown of posts by appropriation line, organizational unit and category. It also reflects the new posts, reclassifications, realignments and reassignments proposed for 2000-2001. Other tables are inserted throughout the text to further clarify the staffing situation and the 2000-2001 proposals. Figure E displays the distribution of posts by category and appropriation line. Table III summarizes the staffing proposals by organizational unit and category, and shows as well the source of funding of the posts. In the case of UNFPA, as explained in Section I.A , seven posts are financed from funds other than regular resources.

58. Established posts in 1998-1999. For the 1998-1999 biennium, UNFPA has a total of 972 posts financed from regular resources, as show in the table below:

Established posts in 1998-1999

Levels	USG	ASG	D-2	D-1	P-5	P-4	P-3	NPO	Other/GS	Total
Programme Support										
- Headquarters	0	0	5	3	22	11	13	0	55	109
- Country Offices	0	0	0	18	55	9	7	156	485	730
Sub-total	**0**	**0**	**5**	**21**	**77**	**20**	**20**	**156**	**540**	**839**
Management and Administration	1	2	3	5	18	13	9	0	82	133
Total	**1**	**2**	**8**	**26**	**95**	**33**	**29**	**156**	**622**	**972**

Headquarters

59. In line with UNFPA's strategic priorities, UNFPA, as discussed above, does not propose any additional posts at headquarters. This would be the fourth consecutive biennium in which UNFPA's headquarters staff have not increased. In fact, a number of headquarters posts have been redeployed to the field in the two previous biennia. The composition and size of the headquarters organizational units will be streamlined in light of the workforce planning exercise, as described in paras. 43-45. Also, the temporary freezing of certain headquarters posts will, in effect, be a functional reduction of staff at headquarters for the biennium.

Country offices

60. UNFPA intends to continue to direct its efforts towards meeting the priorities emanating from the ICPD Programme of Action and its quinquennial review. This requires, among other things, the continued decentralization of programme-approval authority and programme implementation; continued emphasis on institutional capacity-building and national execution; and the need to establish or strengthen offices in a number of countries. To this end, the Executive Director proposes to continue to strengthen the Fund's country office

network through the addition of 46 new local posts to certain country offices in which understaffing situations of highest priorities have been identified. Because of financial restrictions, as explained in paragraph 21, this proposal includes only the locally recruited staff. No internationally recruited posts are included.

61. The above mentioned proposals are summarized in the following table by region. Paragraphs 66-67 and the corresponding table provide background information on the posts as well as breakdown by category and level.

Summary of new proposed local posts for 2000-2001

Region	Established Posts 1998 - 1999	Total Proposed Additional Posts 2000 - 2001					Total Proposed Posts 2000-2001	
		Rep	IPO	NPO	Other	Total	Number	%
Africa	335	0	0	5	15	20	355	45.7%
Arab States & Europe	106	0	0	2	2	4	110	14.2%
Asia and the Pacific	191	0	0	5	10	15	206	26.5%
Latin America & Caribbean	98	0	0	2	5	7	105	13.5%
Total	**730**	**0**	**0**	**14**	**32**	**46**	**776**	**100.0%**

62. New support offices. The above proposals include the creation of three new support offices, which will be staffed by a total of five locally recruited staff. Under the current income situation, new offices with only local staff are a cost-effective way to facilitate follow up and monitoring of UNFPA's activities in the countries concerned.

63. Arab States and Europe. At present, UNFPA headquarters backstops 12 of the 21 European countries with economies in transition in which UNFPA has activities. While the demand from these countries for selective technical support in population and reproductive health and for inter-agency coordination and collaboration has increased, the capacity of UNFPA country office in the region has remained essentially the same. It is therefore urgent that imminent action be taken to strengthen UNFPA's presence in European countries with economies in transition in order to optimize the use of the already limited resources earmarked for the Europe region. UNFPA therefore recommends the creation of support offices in two countries in the region: Bosnia-Herzegovina and Ukraine.

(a) Bosnia-Herzegovina. Taking into account the prevailing situation with regard to unrest and the resulting influx of several hundred thousand refugees, UNFPA's presence in the Balkans needs to be strengthened. UNFPA has so far established an office only in Albania. This office is unable to address the varied and multiple dimensions of the needs of the local population, as well as the additional demands created by the influx of refugees. Bosnia-Herzegovina was supported in the past by UNFPA in the framework of emergency relief. Last year, the Fund initiated a more comprehensive work plan of activities in support of national institution building. This broad-based work plan requires support from UNFPA office, staffed at least with one national programme officer and a secretary, in order to provide the necessary management of the UNFPA-supported activities in the country.

(b) Ukraine. Ukraine is the second most populated country among the European countries with economies in transition, with nearly 53 million people. Assistance to Ukraine is crucial because of the country's critical demographic, health and geo-political situation in the region. The rise in sexually transmitted diseases (STDs) and the negative trends in maternal morbidity and mortality rates call for an effective and well coordinated effort from the United Nations agencies. As far as UNFPA support is concerned, Ukraine is currently covered by a Country Director who is resident in Romania. However, UNFPA support must be strengthened in order to be able to address the demand for assistance the areas of reproductive health and population and development. UNFPA therefore proposes to establish an office in Ukraine staffed by one national programme officer and a secretary.

64. Latin America and the Caribbean. UNFPA proposes the placement of a national programme officer in Venezuela as soon as possible. UNFPA's programme of support to Venezuela has been steadily growing in importance, as well as in annual expenditures, with 1998 expenditures totaling $410,000. Moreover, the placement of such an officer is particularly timely as recently the inaugurated Government provides an opportunity to build on recent successes and to substantially increase UNFPA's programme and advocacy work at the central, state and local levels in the country. This is especially needed at this time since, although a B country for UNFPA support, Venezuela's indicators relevant to UNFPA's mandate have not been improving.

65. Since 1994, UNFPA has concentrated its support in three main areas: a network of NGOs that advocate for the ICPD Programme of Action; an inter-agency Government-civil society effort to address the growing number of adolescent pregnancies, and support for a statistical institute to make data available to a variety of users. This support has contributed to: (a) effective mobilization of the civil society, often working in coordination with decentralized government entities; and (b) effective advocacy activities, particularly regarding reproductive health of young people, and a reduction of domestic violence. This has required extensive managerial, administrative, financial and logistical support from the office of the UNFPA Representative (who also serves as the UNDP Resident Representative), as well as managerial and technical support from the office of the UNFPA Country Director based in Ecuador. A number of CST missions have been fielded, contributing, in a cost-effective manner, to maximizing the potential of UNFPA's support in Venezuela.

66. Other local posts: As mentioned in paragraph 61, UNFPA proposes the addition of 46 new local posts to UNFPA's staffing tables. These 46 additional posts, which are the net result of 5 new posts to be assigned to new support offices as discussed above, the creation of 47 posts, the abolishment of one post, and the reclassification of three posts from General Services to national professional. These additions will contribute to improving programme monitoring and accounting as well as financial expertise in certain country offices that UNFPA has identified as being understaffed these area.

67. The following table summarizes the new posts by category and specifies the number of new posts, abolished posts, and reclassifications at the field level. Of the 47 new posts, 11 are

national programme officers, while the remaining 36 are made up of General Service categories (national programme assistants/national finance assistants, secretaries and clericals, and others).

Summary of posts in country offices by category, 2000 - 2001

Levels	USG	ASG	D-2	D-1	P-5	P-4	P-3	NPO	GS	Total
Country Offices										
Approved	0	0	0	18	55	9	7	156	485	730
Re-classifications	0	0	0	0	0	0	0	+3	-3	0
Abolished posts	0	0	0	0	0	0	0	0	-1	-1
Add'l proposed posts	0	0	0	0	0	0	0	11	36	47
Sub-Total	**0**	**0**	**0**	**18**	**55**	**9**	**7**	**170**	**517**	**776**

Posts financed from other resources

68. With respect to other resources, table III shows a total of seven posts for reimbursable procurement services (three professionals and four support staff), all located in the Procurement and Administration Branch of DFAMIS. The direct costs of these posts, in the amount of $0.9 million, are borne by the fees earned for the provision of procurement services and are, thus, not part of the regular resource budget. The balance of the earnings, in the amount of $1.8 million, is added as income to the regular resource budget to offset the cost carried by other parts of the Fund at headquarters and in the field in support of services provided to third parties.

2. Internal Audit

69. As discussed above in the section on strategy, one of UNFPA's important priorities is the continued strengthening of oversight. Table 2 shows that a volume increase of $1 million is attributable to the strengthening of the internal audit function. This estimate is composed of two parts: an increase in the capacity of the UNFPA internal audit section at headquarters, through a subvention to UNDP for the use of three more posts in additional to the two posts already assigned to cover UNFPA from the UNDP Office of Audit and Performance Review (OAPR). The second part relates to UNFPA's participation in UNDP's regional service centres in the Arab States and Europe and Latin America regions.

70. The additional posts will be assigned to a newly created project audit unit within the UNFPA Internal Audit Section of OAPR. The Unit will monitor, analyse and report on audits of UNFPA-funded projects executed by Governments or NGOs. The unit will also liaise with country offices and concerned headquarters units (for regional and interregional projects) with regard to follow up to audit findings and recommendations. The creation of this unit will strengthen the organization's accountability with regard to the use of project funds and will help the Fund's efforts to eliminate the qualified audit opinions it has received concerning the

financial statements of some Government and NGOs. It is also expected that the unit will also be able to undertake management audits of UNFPA offices in the field and at headquarters, such as those done by the current staff of the Internal Audit Section. This will expand the overall audit coverage of UNFPA units which, at the moment, is far from the optimal cycle of once every five to seven years.

71. Regarding regional contracts and subvention to UNDP for the use of regional audit service centres, in the next biennium all regions will be covered by audits contracted out to accounting firms. At present only Africa and Asia and the Pacific are covered; in 1999, a contract will be signed for the Latin America and Caribbean region and it is planned that one will be signed for the Arab States and Europe region in 2000. The current contracts for Africa and Asia and the Pacific provide for audits of offices with UNFPA-appointed Representatives only. Starting with the new contract for Latin America and the Caribbean and the new contracts for Arab States and Europe, Africa and Asia next year, a policy decision has been taken to audit offices that do not have a UNFPA-appointed Representative but that manage a significant amount of programme funds, currently set at around $500,000 per year. This expanded coverage of regular audits of country offices will require increased resources. In addition, in the current biennium, UNFPA has been providing support to the regional audit service centres in Kuala Lumpur, Harare, and starting this year, to Panama, to help defray the costs of administering the contracts with the auditing firms and screening the audit reports prior to submission to UNFPA headquarters. In the next biennium, UNFPA will have to provide similar support to these centres and to a new centre that will be opened in the Arab States region.

3. Recommendations of External Audit

72. ACABQ in its document A/53/513, "Financial reports and audited financial statements, and reports of the Board of Auditors", requested UNFPA, in the context of the 2000-2001 budget document, to provide information on actions taken on some of the recommendations of the Board of Auditors:

73. Concerning the recommendation relating to procurement requests not channeled through the Fund's Procurement Unit, UNFPA senior management and the Procurement Unit have continued to underscore the necessity of strictly applying established procedures. In this respect, the Executive Director issued a circular in January 1999 regarding the personal accountability of officers in the performance of their functions. In addition, a focal point has been appoint within IERD to ensure that the Division complies with procedural matters.

74. As for the recommendations concerning the automatic recovery of travel advance, UNFPA is already taking action to recover outstanding travel advances from concerned staff member's paycheck, no later that 30 days after completion of travel. At the end of 1998, there were no outstanding travel advances that required UNFPA's action. However, all payroll-related procedures will be reviewed when IMIS release 4 becomes operational. According to preliminary discussions with UNDP officials, the system will automatically initiate the recovery two weeks after the non-submission of travel claims, and the actual recovery will occur 60 days

from the date of completion of travel, or otherwise, at the end of the second month. UNFPA is in principle satisfied with UNDP's initial proposal but will review it further upon implementation of IMIS release 4.

4. Common premises in country offices

75. As discussed in para. 36, UNFPA will opt for the slower implementation scenario of the UN House initiative. Although the bulk of the cost will be charged to the Reserve for Field Accommodation, the 2000-2001 budget proposal includes an estimate of $235,000 to cover soft costs. These include consultants and mission costs, as well as anticipated rent increases in 2000-2001 for those UNFPA offices that might move into common premises. Such expenditure is incurred in the execution of due diligence studies required to assess the viability of common premises proposals. As discussed in para. 36 above, UNFPA's experience to date in the establishment of common premises has been one of an increase in rental costs.

5. Rental New York premises

76. As mentioned in section B, "Objectives and strategy", and reflected in table 2, the renewal of the UNFPA headquarters premises in New York will have some impact on the support budget.

77. Although the annual lease charges increase in line with market forces and capital expenditure is required to "fit-out" the office space for the 15-year lease term, the impact on the 2000-2001 biennial budget has been defrayed to minimize the burden upon the forthcoming biennium. Essentially, a financial envelope has been negotiated from the building landlord to offset the envisaged capital expenditure required to renovate the office premises to meet the Fund's needs for the lease duration. To this end, the combination of a rental abatement (equal to eight months free rent), a credit by the building owner to undertake alterations free of cost to UNFPA, and a rebate of the agents commission, offset most of the cost of the envisaged renovation and refurbishment work. It should be noted, however, that, after these allowances have been accounted for the Fund will face cost increases for the ensuing biennium. In this respect, the gross rental cost will increase from the existing $20 per square foot to $36 per square foot of rentable space.

6. Reimbursement to the United Nations

78. The budget proposal includes an estimate for the reimbursement payable to the UN for services received by UNFPA. The estimate is based on the provisional results of the negotiations that UNFPA, UNDP and UNICEF have been holding with the UN. The rates and basis of reimbursement have already been discussed and agreed with the UN for most reimbursement areas, and only a few items are still under discussion or review. The final results of the negotiations will be presented jointly to the ACABQ in due course.

7. Office automation and management information systems

Integrated Management Information Systems (IMIS)

79. In January 1999, UNDP implemented IMIS Release 3 (the Finance Module). As UNFPA's financial systems are closely linked with those of UNDP, the Fund's is affected by UNDP's decision to implement the IMIS Finance Module. Given the early stages of implementation of IMIS, its financial implications are not yet clear. All additional costs in 2000-2001 are to be met from the budget as proposed.

Resources Management System (RMS)

80. In June 1997, UNFPA completed a review of its automated systems and procedures. The report from the review made several recommendations including the need to redesign the current computer system for financial and programme monitoring. As a follow-up to this, the Fund contracted a consultancy firm to analyse UNFPA's user requirements and data needs. This analysis, which was completed in March 1998, will form the foundation on which a "new" Resources Management System (RMS) will be built. The consultancy firm also evaluated the computerized financial and programme monitoring systems at UNDP to see if they could be adapted for UNFPA use. However, due to differing requirements and procedures it would not be cost effective to do so. It should be noted that the IMIS Finance Module is solely finance oriented and does not have any programme monitoring facilities.

81. The RMS is designed to provide improved tools for the financial and operational monitoring of programme implementation and could in the long term enable UNFPA to achieve cost efficiencies. The project to develop a new RMS is estimated to take two years and cost between $4.4 million and $5.7 million depending on whether the development is done on-site or contracted offshore. There were no funds available in 1999 and the project was therefore postponed temporarily. No amount has been provided in the 2000-2001 budget proposal for this project given the stated objectives of little or no growth in the budget. Instead, UNFPA will seek contributions in cash or in kind from various sources to enable UNFPA to proceed with the development of the system. If the responses to such request are insufficient, consideration will be given to utilizing programme funds for this purpose.

Other MIS activities

82. The overall MIS budget for the 2000-2001 period is estimated at $5.2 million (including the staff cost of the MIS Branch), representing an 8.5 per cent decrease from the budget for 1998-1999. Table 6 provides a breakdown of the $5.2 million by purpose of expenditure. The breakdown by location (excluding staff cost) is as follows: $1.7 million for country offices, $1.6 million for headquarters. The decrease vis-a-vis the 1998-1999 budget is mainly due to cost of equipment which tend to decrease in price with time. Also, UNFPA very actively upgraded its equipment in 1997 and 1998 and intends to continue to do so in 1999, with the consequence that the need for upgrades is expected to diminish in the 2000-2001 biennium.

83. As discussed above, UNFPA will not be able to fund the development of the new RMS from the biennial support budget funds, so this budget proposal does not include estimates to finance the development of any major new systems in 2000-2001. Consequently, all planned expenditure has been listed under "recurrent maintenance". However, the Fund will continue to implement the windows/LAN version of the UNFPA corporate system (UNIFOS)in approximately half of the country offices in 2000.

84. In office automation, the 2000-2001 biennium will be one of consolidation. Indeed, in 1999, two major strategic decisions were taken that will influence both headquarters and all field offices in their day-to-day operations – one concerning the office automation standards for both headquarters and country offices; the other concerning the Fund's e-mail system.

85. In 1999, UNFPA decided to change its office automation standards for both headquarters and country offices. The standard is now Microsoft Office. This suite of software includes a word processor, Word; a spreadsheet, Excel; a database, Access; and a presentation tool, PowerPoint. Training on the different software started in 1999, and will continue in 2000. The change to Microsoft Office has improved communications between UNFPA headquarters and country offices, as well as between UNFPA and UNDP, which also uses the same system.

86. Also in 1999, after a comprehensive study of different e-mail systems, UNFPA decided to acquire Netscape SuiteSpot for e-mail messages. This new software will replace Microsoft mail, the software used by the Fund for the last ten years. This new e-mail system is totally Internet-based and will allow staff members to access their electronic mail messages from anywhere in the world using the Internet connection. In 2000, all country offices will gradually migrate from their actual e-mail software to Netscape software, necessitating training and some new hardware and software. This change in e-mail software will also greatly improve all communications between headquarters and most country offices, as well as UNDP which has also adopted Netscape as its e-mail software. However, electronic communication with some countries remains difficult: UNFPA needs to follow the trend of some other United Nations agencies and employ the services of international service providers to enhance this capability

87. In 2000-2001, the proposed budget will enable UNFPA to continue to: maintain its systems and equipment; upgrade personal computers and other as they become obsolete; improve networking within headquarters and between headquarters and the country offices; increase the capacity of the network through LAN enhancements; and improve e-mail communications and access to database from the country offices. There will also be major enhancements to the Internet and Intranet environments and servers. The introduction of Windows NT, the dominant server software in the market place today, in UNFPA country offices has exacerbated the need for having a part-time technical support person in each office. UNFPA will need to address this issue on a case-by-case basis.

8. Staff training and development

88. The total proposed training budget amounts to $2.5 million, a 8.7 per cent increase over the current biennium's appropriation of $2.3 million. Of this $2.5 million, $1.9 million, or 76 per cent, will be used for training in the field, and the remaining $0.6 million (24 per cent) for headquarters.

89. The proposed training budget focuses on supporting a wide range of training/learning activities to enhance the operational, substantive and managerial competencies of staff members at all levels, both at headquarters and in the country offices to achieve the following outputs:

(a) Increase substantive knowledge of trends and developments in the Fund's three core programme areas to enable the effective implementation of UNFPA's programme;

(b) Strengthen the capacity of country offices to manage and deliver quality, results-oriented country programmes, and to respond effectively and flexibly to the capacity-building needs of Governments;

(c) Enhance collaboration with other United Nations system organizations in the design and delivery of UNFPA-assisted programmes to make optimum use of resources;

(d) Create the infrastructure for self-learning within the organization as a continuous process of staff development.

90. The major portion of the budget (76 per cent) will go towards training staff in the country offices. Apart from establishing the infrastructure to facilitate self-learning, funds will also be used to conduct workshops at the regional and sub-regional levels. Many of these workshops will be for country teams, and the emphasis will be on skills training in adopting results-based approaches and tools to facilitate effective programme management.

91. Accordingly the budget will support the following specific activities:

(a) Providing skills training in securing the involvement of stakeholders at all stages of the programming process and in applying the logical framework analysis and other results-oriented approaches to programme design and evaluation;

(b) Improving skills in financial monitoring and recording of programme expenditures and updating staff on revised financial rules and procedures and new coding systems;

(c) Increasing the knowledge of the Fund's core programme areas including skills training in mainstreaming gender into the programming process;

(d) Providing induction training for new staff at all levels, including UNFPA Representatives, and Resident Coordinators;

(e) Building advocacy and leadership skills and managerial competencies to meet the changing needs of the organization;

(f) Equipping supervisors with training manuals/briefing kits to enable them to provide orientation training and briefings for new staff and to facilitate continuous on-the-job coaching;

(g) Production of computer-based training modules and other state-of-the-art training materials to facilitate system-wide self -learning;

(h) Providing information on networks, distance-learning facilities and other resources to promote self-learning;

(i) Providing training-of-trainer skills to selected staff to build a core in-house training team; and

(j) Undertaking collaborative training with inter-agency partners on CCA/UNDAF and other training initiatives to strengthen the Resident Coordinator System.

92. Actions taken on recommendations of the external evaluation of UNFPA's staff training programme. ACABQ requested UNFPA (document DP/FPA/1997/15) to include information on the results of the implementation said recommendations. In general the evaluation observed that there was considerable appreciation of the work of the UNFPA Training Branch and the pioneering work it had achieved within UNFPA, as well as the opportunities such work had provided. In addition, the evaluation team recommended that the following areas warranted more attention:

(a) Needs-based training/learning - It was recommended that a more holistic approach to training should be adopted, based on a comprehensive assessment of the needs of the Fund through a participatory process;

(b) Devolution of training events to the regions and sub-regions for cost effectiveness;

(c) Identification and training of a core team of trainers;

(d) Need for managers/supervisors to take responsibility for continuous on-the- job coaching;

(e) Need for continuous evaluation of the overall training process - It was recommended that a built-in system of evaluation should be developed that will focus on the impact of the training on job performance, i.e., the observable change in work practices;

(f) Expansion to new modalities of training/learning - Although face-to-face training events were essential and should remain as the core of overall training, training should be further expended through the use of new training/learning facilities such as computer-based training (CBT), distance learning, study visits, and exchange attachments, among others.

93. UNFPA began the process of implementing the evaluation recommendations in early 1997 and the following initiatives have been undertaken:

(a) The establishment of the Office of Personnel and Training has created the infrastructure for a meaningful linkage between staff training/learning and human resource development. A review of the training needs of key groups of staff members has been undertaken. This together with the findings of the ongoing workforce planning exercise, will enable the Fund to develop a training strategy that links organizational priorities with individual training needs.

(b) In the interim, in order to provide the requisite skills for operationalizing of the new programming guidelines, UNFPA revised and updated existing training curricula. In particular, the Fund developed a curriculum to build skills in the application of the logical framework in the programming process and a training-of-trainers curriculum for cascade training on the logical framework.

(c) In line with the recommendation that there should be more workshops at the regional level, since the beginning of 1997 to the present, UNFPA conducted six regional workshops on the logical framework .

(d) An internal evaluation of the logical framework training workshops that were conducted in 1997 was also completed. The curriculum and training materials used at these workshops were subsequently revised and updated taking into consideration the evaluation findings. New materials were developed to link the logical framework to the concept of results-based programme management.

(e) Several in-region staff exchanges between country offices were undertaken and were reported as having provided excellent opportunities for building capacity and sharing experiences.

(f) UNFPA has drafted new guidelines on staff training and development in which the role of managers and supervisors in providing on-the job training and coaching has been reinforced. Mangers and supervisors will now be increasingly responsible for fostering a learning environment, providing constant mentoring and assessing the impact of structured training on the performances of the staff members, as an integral part of the Performance Appraisal Review (PAR) process.

(g) UNFPA also began the process of creating the infrastructure for the promotion of a learning culture within the organization. A pilot exercise on computer-based training (CBT) on financial rules and procedures relating to projects was completed and field-

tested. CD-ROMs on this subject as well as on programming procedures will soon be made available to all country offices. Staff were informed of distance-learning opportunities, and four staff members successfully completed a 9-month distance-learning programme on The Capable Manager. The provision of the above and other networks that foster an environment of self-learning as a continuous process of staff development will continue to be a priority for UNFPA.

9. Publications

94. UNFPA proposes a budget for publications totaling $2.0 million over the next biennium, the same as in the previous biennium. The challenge for the coming biennium will be to meet the growing demand for UNFPA publications with the same allocation of funds.

95. In accordance with its mandate to raise awareness in both developed and developing countries, UNFPA has traditionally made its publications available without charge. However, as recommended by the ACABQ, the Executive Director explored the possibility of selling UNFPA publications with a view to recovering some of the costs of the UNFPA publication programme. An informal arrangement has been made with the United Nations sales sections to sell some publications through the United Nations bookshop and other outlets. Such attempts, however, have generated only modest results. Moreover, the Fund has not been able to put in place a systematic mechanism to sell, on a large scale, its publications and generate revenue. The Executive Director will continue to explore this important issue further.

96. UNFPA's information and communication strategy, as part of its overall role in advocacy, is to ensure that the principles, goals and objectives of ICPD are understood and accepted; to secure commitment and funding for meeting these objectives; and to build support for UNFPA's programme and resource-development activities. The publications programme is a key element in this strategy. Details will be found in document DP/FPA/1997/8, entitled UNFPA Information and Communication Strategy, and document DP/1991/37 on UNFPA publications.

97. To carry out these activities, and in line with decision 91/36 concerning the rationale for funding publications as part of the biennial support budget, the Information and External Relations Division produces a brochure on UNFPA (in two versions); the *UNFPA Annual Report; Populi*, a quarterly journal of news items, feature articles, viewpoints and resource information; *Dispatches*, a monthly newsletter on UNFPA policy and programme developments; and *Population Issues Briefing Kit*, a primer released each year in conjunction with World Population Day. In addition, the Division is currently producing an ongoing series of advocacy booklets on various topics related to the UNFPA information mandate. Recent titles include: *Food for the Future: Women, Population and Food Security*; *A New Role for Men: Partners for Women's Empowerment;* and *Hopes and Realities: Closing the Gap between Women's Aspirations and their Reproductive Experiences*. All publications are produced in English, French and Spanish; many are also produced in Arabic.

Table 5. Proposed changes in regular resource post requirements 2000-2001

Organizational Unit	1998-1999	International professional category & above								GS and Nat. Prof	Other Categ.	Grand Total	2000-2001
		USG ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total				
1998-1999 APPROVED POSTS		3	8	26	95	33	29	0	194	156	622	972	
POST INCREASES/DECREASES													
A. Programme support													
1. Country offices Total (net) - A.1	730	0	0	0	0	0	0	0	0	11	35	46	776
2. Headquarters													
Africa Division	23								0			0	23
Division for Arab States/Europe	13								0			0	13
Asia and the Pacific Division	17								0			0	17
Latin America and the Caribbean Div	12								0			0	12
Technical and Policy Division	44								0			0	44
Total (net) - A.2	109	0	0	0	0	0	0	0	0	0	0	0	109
Total (net) - A	839	0	0	0	0	0	0	0	0	11	35	46	885
B. Management and admin. of organ.													
Office of Executive Director	17								0			0	17
Office of Oversight and Evaluation	10								0			0	10
Div. for Finance, Administration and MIS	55								0			0	55
Information and External Relations Div	32								0			0	32
Office of Personnel and Training	19								0			0	19
Total (net) - B	133	0	0	0	0	0	0	0	0	0	0	0	133
Total: Post increases/decreases (net)	972	0	0	0	0	0	0	0	0	11	35	46	1,018
POST RECLASSIFICATIONS													
A. Programme support									0				
Headquarters									0				
Country Offices									0	3	(3)		
Total (net)		0	0	0	0	0	0	0	0	3	(3)	0	0
B. Management and admin. of organ.									0				
Office of Executive Director									0				
Office of Evaluation and Oversight									0				
Div. for Finance, Administration and MIS									0				
Total (net) - B		0	0	0	0	0	0	0	0	0	0	0	
Total: Post classification (net)		0	0	0	0	0	0	0	0	3	(3)	0	
Total Changes (net)	972	0	0	0	0	0	0	0	0	14	32	46	1,018
2000-2001 PROPOSED POSTS		3	8	26	95	33	29	0	194	170	654	1,018	

/...

Figure E. Regular resources posts by category and appropriation line, 2000-2001

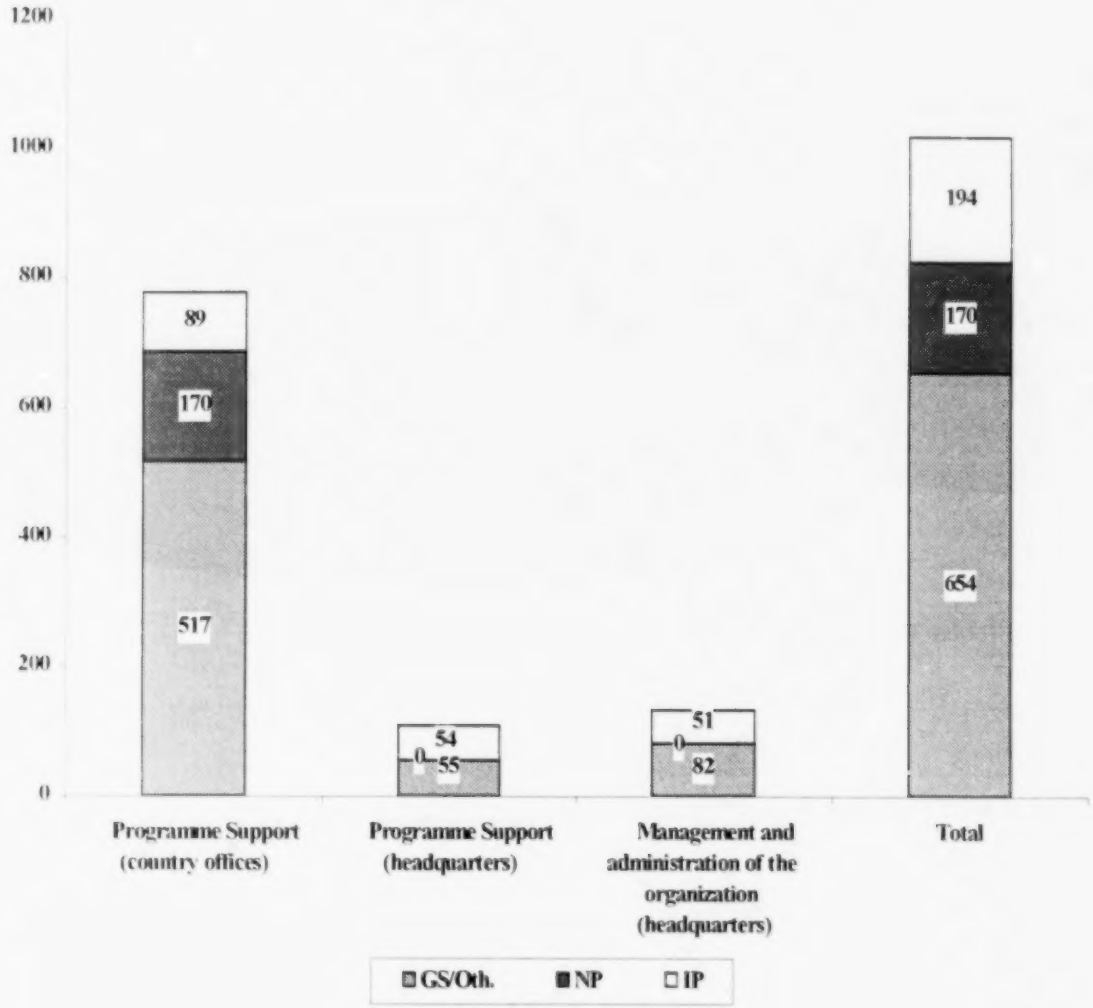


Figure F. Expenditures by category, 2000-2001

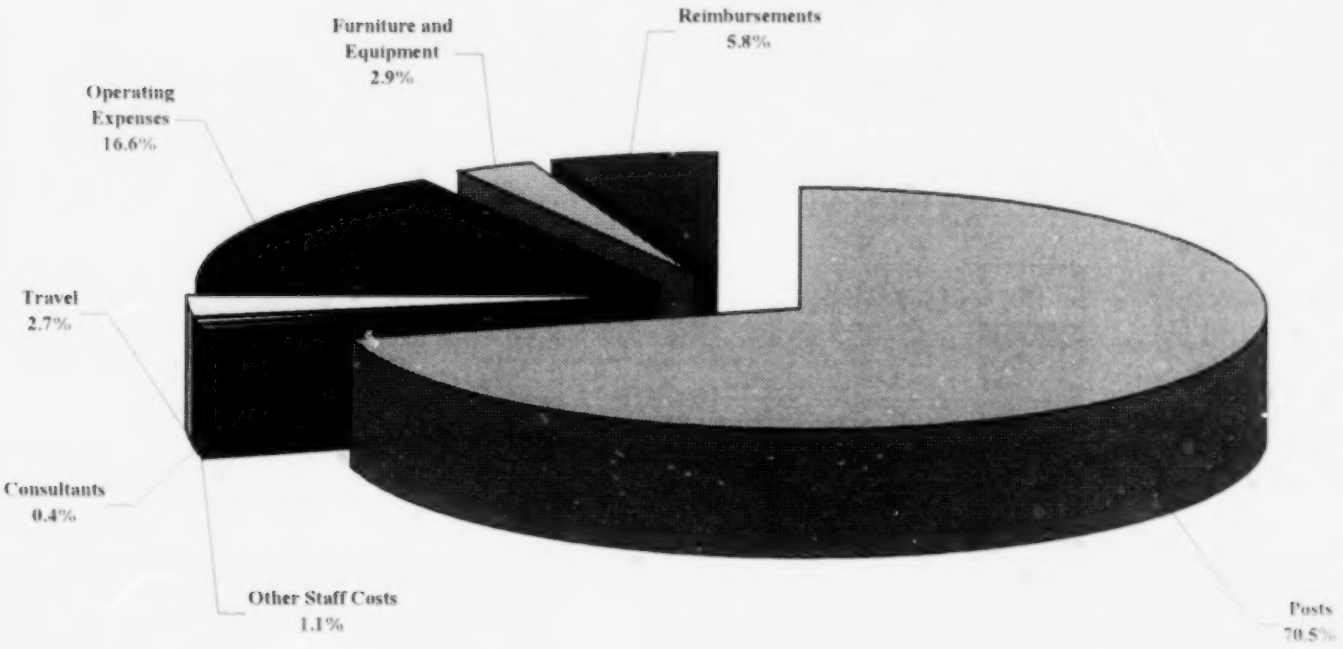


Table 6. Estimated distribution of information technology requirements, 2000-2001
(in thousands of United States dollars)

Purpose	Staff costs	Contractual services: Systems develop.	Contractual services: Maint. services	Acquis. hard.,soft. supplies	Other	Total
I. RECURRENT MAINTENANCE						
1998-1999	1,786.9	580.0	560.0	2,265.0	530.0	5,721.9
2000-2001	1,881.0	614.2	818.0	1,581.7	339.6	5,234.5
III. GRAND TOTAL						
1998-1999	1,786.9	580.0	560.0	2,265.0	530.0	5,721.9
2000-2001	1,881.0	614.2	818.0	1,581.7	339.6	5,234.5

Table 7. Use of resources: Estimated regional distribution of Programmes and Programme Support

(Thousands of United States dollars)

	1998-1999						2000-2001					
	Regular resources		Other resources		Total resources		Regular resources		Other resources		Total resources	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
AFRICA												
A Programmes	191,548.4		18,915.0		210,463.4		148,465.4		23,015.6		171,481.0	
B Programme support												
Country offices	28,691.7				28,691.7		28,367.2				28,367.2	
Africa Division	4,701.5				4,701.5		4,655.9				4,655.9	
Subtotal - Prog. support	33,393.2		0.0		33,393.2		33,023.1		0.0		33,023.1	
Total Africa	224,941.6	31.2%	18,915.0	37.8%	243,856.6	31.7%	181,488.5	29.6%	23,015.6	31.7%	204,504.1	29.8%
ARAB STATES AND EUROPE												
A Programmes	63,849.5		6,305.0		70,154.5		45,997.0		7,130.6		53,127.6	
B Programme support												
Country offices	9,759.0				9,759.0		10,234.1				10,234.1	
Div. for Arab States/Europe	2,687.0				2,687.0		2,880.7				2,880.7	
Subtotal - Prog. support	12,446.0		6,305.0		12,446.0		13,114.8		0.0		13,114.8	
Total Arab States and Europe	76,295.5	10.6%	12,610.0	25.2%	82,600.5	10.7%	59,111.8	9.6%	7,130.6	9.8%	66,242.4	9.7%
ASIA AND THE PACIFIC												
A Programmes	186,636.9		18,430.0		205,066.9		146,643.8		22,733.2		169,377.0	
B Programme support												
Country offices	16,266.1				16,266.1		13,913.3				13,913.3	
Asia and the Pacific Division	3,547.8				3,547.8		3,410.8				3,410.8	
Subtotal - Prog. support	19,813.9		18,430.0		19,813.9		17,324.1		0.0		17,324.1	
Total Asia and the Pacific	206,450.8	28.7%	36,860.0	73.7%	224,880.8	29.2%	163,967.9	26.8%	22,733.2	31.3%	186,701.1	27.2%
LATIN AMERICA & CARIBBEAN												
A Programmes	49,115.0		4,850.0		53,965.0		40,076.6		6,212.8		46,289.4	
B Programme support												
Country offices	10,710.4				10,710.4		11,612.9				11,612.9	
Latin America & the Carib. Div.	2,540.2				2,540.2		2,630.1				2,630.1	
Subtotal - Prog. support	13,250.6		0.0		13,250.6		14,243.0		0.0		14,243.0	
Total Latin America & Caribbean Division	62,365.6	8.7%	4,850.0	9.7%	67,215.6	8.7%	54,319.6	8.9%	6,212.8	8.5%	60,532.4	8.8%
INTERCOUNTRY												
A Programmes	53,301.8				53,301.8		74,232.7		11,507.8		85,740.5	
B Programme support												
Technical and Evaluation Div.	10,395.4				10,395.4		10,159.6				10,159.6	
Subtotal - Prog. support	10,395.4				10,395.4		84,392.4		0.0		95,900.2	
Total Intercountry	63,697.2	8.8%	0.0	0.0%	63,697.2	8.3%	84,392.4	13.8%	11,507.8	15.8%	95,900.2	14.0%
TOTAL UNFPA												
A Programmes	544,451.6		48,500.0		592,951.6		455,415.4		70,600.0		526,015.4	
B Programme support												
Country offices	65,427.2		0.0		65,427.2		64,127.6		0.0		64,127.6	
Headquarters support	23,871.9		0.0		23,871.9		23,737.2		0.0		23,737.2	
Subtotal - UNFPA Prog sup	89,299.0		0.0		89,299.0		87,864.7		0.0		87,864.7	
Subtotal - UNFPA Prog. & Prog. sup	633,750.6	88.0%	48,500.0	97.0%	682,250.6	88.6%	543,280.1	88.7%	70,600.0	97.1%	613,880.1	89.6%
Agency support	48,000.0	6.7%	1,500.0	3.0%	49,500.0	6.4%	30,000.0	4.9%	2,100.0	2.9%	32,100.0	4.7%
Total Programmes & Prog support	681,750.6	94.7%	50,000.0	100.0%	731,750.6	95.0%	573,280.1	93.6%	72,700.0	100.0%	645,980.1	94.2%
C Management & admin. of org	38,249.5	5.3%	0.0	0.0%	38,249.5	5.0%	39,519.9	6.4%	0.0	0.0%	39,519.9	5.8%
TOTAL - UNFPA	720,000.0	100.0%	50,000.0	100.0%	770,000.0	100.0%	612,800.0	100.0%	72,700.0	100.0%	685,500.0	100.0%

B. Programme Support

98. Programme support is the largest component in UNFPA's budget proposal. It is composed of two appropriation lines--programme support (headquarters) and programme support (country offices). As can be seen from table 3 and figure B, together they account for nearly 70 per cent of the total proposed budget (headquarters, 18.6 per cent; country offices, 50.3 per cent). The proportions are generally comparable to the 1998-1999 biennium.

99. Table 7 shows the regional distribution of the regular programme funds, reflecting Africa as a priority region for UNFPA activities, which will continue in the 2000-2001 biennium as well. This region will receive the largest amount of UNFPA regular programme funds with $171.5 million, followed closely by Asia and the Pacific with $169.4 million. However, as a result of the reduction of total programmable resources, all regions will suffer a significant reduction of programmable resources in absolute terms, caused by the lower income estimates for the 2000-2001 period compared with the projections used in the 1998-1999 biennium. The reduction affects proportionally all regions, but results in the largest reductions, in absolute terms, in the largest regions, namely Africa and Asia and the Pacific.

100. Africa also receives the largest amount of programme support funds, again consistent with the Fund's system of resource allocation of programme funds, and appropriately reflecting a relatively a large number of country offices maintained in the region (44). The number of offices in the remaining regions (if approved) would be 27 in Asia and the Pacific, 20 in Arab States and Europe, and 18 in Latin America and the Caribbean.

101. Combining regular programme funds and programme support funds, Africa will receive $204.5 million, or 29.8 per cent of total UNFPA 2000-2001 funds, while Asia will receive $186.7 million, or 27.2 per cent. Reflecting UNFPA's regional priorities, the combined amounts for the Arab States and Europe region and the Latin America and Caribbean region are estimated to be $66.2 million (or 9.7 per cent) and $60.5 million (or 8.8 per cent), respectively. Intercountry funds and agency programme support make up 14.0 per cent and 4.7 per cent, respectively, resulting in a total of $646.0 million, or 94.2 per cent for regular programme and programme support for 2000-2001, as compared to 95.0 per cent in 1998-1999. The regular resources applied for management and administration of the organization increase as compared to the previous biennium: from 5.0 per cent (or $38.2 million) in 1998-1999, to 5.8 per cent (or $39.5 million) in 2000-2001. This increase in the management and administration share of the budget, as discussed above is caused by the relatively high mandatory cost increases, rent of the New York premises, and the added capacity of the internal audit functions.

1. Country offices

102. The proposed appropriation for country offices, in the amount of $75.2 million (gross), shows a net increase of $1.7 million (or 2.3 per cent) compared to the 1998-1999 biennium. The increase reflects the increasing responsibilities of the country offices in assisting Governments with programme development and monitoring, in advocacy and policy advice and as partners in the Resident Coordinator system. The amount represents 50.3 per cent of the total gross appropriation. As table I shows, the net volume adjustment is negative, in spite of the additions to the budget to accommodate the new local field posts. This is an indication of the expected effect of cost reduction measures being implemented in country offices. Therefore, the increase in appropriations for the country offices is mainly due to cost increases ($3.9 million, or 5.3 per cent).

103. Table I also provides a comparison of appropriations for the 2000-2001 and 1998-1999 biennia, broken down by organizational unit. Under "programme support, country offices" the table breaks down the estimates by region. Most of the regions have negative volume adjustments in spite of the effect of the proposed new posts, a result of cost reductions that will be implemented in country offices. These cost reductions have been effected mostly in areas in which management has a direct control over the expenditure level, such as travel, operating expenditure and purchase of equipment. As a matter of fact, in such areas, most budget proposals received from country offices have been revised downwards twice -- once to bring them to levels consistent with the previous year's expenditure in US dollars, and a second time, to cut 10 per cent across the board to reflect lower income projections. While the country offices will have ample autonomy in deciding on the details of implementing the cost reductions, headquarters will be able to monitor the process through the management of the annual allotments given to field offices.

104. As for the cost adjustments, they are positive in most regions because of the combined effects of inflation and currency exchanges. The exception is the Asia and Pacific region, where the effect of the monetary crisis in 1997 has forced most country offices to recalculate their budget requirements based on a much stronger US dollar. This results in a negative cost adjustment for the 2000-2001 biennium.

105. Table II analyses the objects of expenditure by appropriation line. An explanation of the most significant variations follows:

106. Posts. The largest component of the budget is staff costs. The proposed appropriation for country offices in the 2000-2001 biennium is $55.7 million (74.0 percent of the total proposed gross appropriation for country offices). Of the 1,018 proposed posts, 776 (76.2 per cent) will be located in country offices, including 46 new local posts, as illustrated in table 5 and figure E. This results in a volume increase of $1.2 million (2.3 per cent) for salaries and common staff costs in the 2000-2001 field budget. Cost increases are estimated at $2.6 million and reflect statutory increases and inflation factors as well as the effect of the vacancy rate adjustment (see paragraph 55). A breakdown of posts by category is provided in tables 5 and III. The cost of staff training and development in the field, which is included under "posts", is estimated at $1.9

million, which represents an increase of $0.1 million (or 5.6 per cent) over the 1998-1999 appropriation. The budget estimates for electronic and data processing training amount to $0.3 million.

107. Other staff costs. The proposed budget for temporary assistance and overtime for country offices in 2000-2001 is $0.9 million. This reflects a volume decrease of $42,900 (or 4.5 per cent). The number of approved posts (46 new local posts in the 1998-1999 biennium) will reduce the need for temporary assistance and overtime services in country offices.

108. Travel. The estimated cost of official travel in the country offices is $2.1 million, reflecting a volume decrease of $0.5 million (or 19 per cent). The decrease is the result of economies taken to reduce administrative travel costs. Efforts will be made to shorten and decrease the number of individual trips by combining visits to several countries on a single trip.

109. Operating expenses. The proposed estimate for operating expenses in country offices is $13.0 million. This amount reflects a volume decrease of $2.7 million. The volume increase related to the installation of 46 proposed local posts and the establishment of three support offices is offset by economic measures taken to reduce operating expenses in the field. The budget includes estimates related to activities in support of common premises in country offices, carried out under the auspices of the United Nations Development Group (UNDG), amounting to $235,000 (see paras. 36 and 75).

110. Furniture and equipment. The proposed estimate for furniture and equipment is $3.5 million, reflecting a volume decrease of $0.1 million. As explained above, the volume increase associated with the proposed new local posts and the establishment of three support offices is offset by measures taken to reduce administrative expenditure.

2. Headquarters

111. The programme support at headquarters includes the costs for the four Geographical Divisions and the Technical and Policy Division.

112. As described in paragraph 56, a number of headquarters units have been reorganized as part of the continuing effort to strengthen the Fund's management and overall efficiency. Accordingly, the 1998-1999 budget figures in tables I and II have been reclassified to be comparable with the information shown for 2000-2001. Therefore, some of the figures shown in tables I and II may be different from the corresponding figures shown in the 1998-1999 document (DP/FPA/1997/14).

113. It can be see in table I that there are volume reductions under programme support – headquarters. This is due to the temporary freezing of 4 Professional and 7 General Service posts referred to in paragraph 55 as well as to the cost-reduction measures imposed.

114. Table II analyses the objects of expenditure by appropriation line. Below is an explanation by object of expenditure of the most important items:

115. Posts. Total staff costs are projected at $22.5 million. The budget includes the estimated salary and common staff costs to sustain the existing structure of the organization. No additional posts at headquarters are proposed. The volume decrease of $1.1 million is attributable to the temporary freeze of certain headquarters posts, as described above. The cost increase of $1.5 million is a net figure, composed of mandatory increases. The estimates incorporate, as explained under paragraph 55 a projected vacancy rate of 6 per cent for internationally recruited staff and 2 per cent for locally recruited staff.

116. Consultants. The proposed appropriation for consultants is $0.2 million. The small volume increase of $18,900 can be attributed to additional consultancy assignments projected by the Technical and Policy Division, particularly in connection with the completion of the Programme and Planning Manual. It must be noted that, when consultancies for programme support at headquarters and for management and administration of the organization are taken together, there is a net volume decrease of $42,400 for consultancies.

117. Travel. The estimated appropriation for official travel is $0.5 million, reflecting a volume decrease of $0.2 million from the 1998-1999 budget. The decrease will result from measures implemented to reduce the costs related to travel of headquarters staff. The travel plans for 2000 and 2001 will be prepared in accordance with the objective of effecting a 10 per cent across the board reduction in the budget proposals of all organizational units, which will render significant cost savings.

118. Operating expenses are projected at $4.1 million. Overall, the negative volume adjustment of $62,200 reflects the effect of the cost-cutting measures. The cost increase reflects the impact of the renewal of the New York premises lease and the inflation adjustment. This is apportioned among the organizational units under programme support at headquarters and management and administration of the organization.

119. Furniture and equipment. The proposed appropriation for furniture and equipment is $0.3 million. As part of the renewal of the New York premises lease (see description in 76-77), the tenant allowance will be used to cover much of the furniture and office equipment that will be needed in the coming biennium. This results in a negative volume adjustment of $150,300, or more than 30 per cent.

120. Reimbursements. This expenditure category includes the reimbursements to the Untied Nations, jointly financed bodies, external audit and the UNDP, for services rendered on behalf of UNFPA. The cost of reimbursements is classified in full under the Division for Finance, Administration and Management Information Services and is therefore provided under management and administration of the organization.

C. Management and Administration of the Organization

121. This appropriation line is composed of the remaining units in headquarters (Office of the Executive Director, Office of Oversight and Evaluation, Information and External Relations Division, Office of Personnel and Training, and Division for Finance, Administration and Management Information Systems).

122. As described in paragraph 56, a number of headquarters units have been reorganized as part of the continuing effort to strengthen the Fund's management and overall efficiency. Accordingly, the 1998-1999 budget figures in tables I and II have been reclassified to be comparable with the information shown for 2000-2001. Therefore, some of the figures shown in tables I and II may be different from the corresponding figures shown in the 1998-1999 document.

123. The net positive volume adjustment of $0.8 million shown in table I is primarily caused by the impact of the additional cost of the internal audit section and use of regional centres, as described above. This impacts mainly the Division for Finance, Administration and Management Information Services, the unit where the reimbursement is classified, which therefore shows a positive volume adjustment of $0.9 million. The rest of organizational units remain more or less at the same level as in 1998-1999 in real terms, with small either positive or negative volume adjustments.

124. Table II analyses the objects of expenditure by appropriation line. An explanation by object of expenditure of the most important variations follows:

125. Posts. Total staff costs are projected at $27.1 million. The budget includes the estimated salary and common staff costs to sustain the existing structure of the organization. No additional posts at headquarters are proposed. The relatively small volume increase of $63,000 is attributable to an increase in staff training. The cost increase of $1.7 million is mostly composed of mandatory cost increases. The estimates incorporate, as explained under paragraph 55, a projected vacancy rate of 6 per cent for internationally recruited staff and 2 per cent for locally recruited staff.

126. Consultants. The proposed appropriation for consultants is $0.5 million. The volume decrease of $61,300 can be attributed to cost-cutting measures. As mentioned under programme support above, it must be noted that, consolidating the consultancies for programme support at headquarters and for management and administration of the organization, the consultants line shows a net volume decrease of $42,400.

127. Travel. The estimated appropriation for official travel is $1.4 million, reflecting a volume decrease of $0.2 million over the 1998-1999 budget. The decrease will result from measures implemented to reduce the costs related to travel of headquarters staff. The travel plans for 2000 and 2001 will be prepared in accordance with the objective of effecting a 10 per cent across-the-

board reduction in the budget proposals of all organizational units, which should render significant cost savings.

128. Operating expenses. The small positive volume increase of $0.1 million is a consequence of a reclassification of some of the MIS costs and is offset by an identical reduction in the furniture and equipment expenditure category. The cost increase of $1.1 million reflects the impact of the renewal of the New York premises lease and the inflation adjustment. This is apportioned among the organizational units under programme support at headquarters and management of the organization.

129. Furniture and equipment. The proposed appropriation for furniture and equipment is $0.4 million. As part of the renewal of the premises lease (see description in 76-77), the tenant allowance will be used to cover much of the furniture that will be needed in the coming biennium. This results in a negative volume adjustment of $0.2 million, or more than 30 per cent.

130. Reimbursements. This expenditure category includes the reimbursements to the Untied Nations jointly financed bodies, external audit and the UNDP, for services rendered on behalf of UNFPA The cost of reimbursements is classified in full under the Division for Finance, Administration and Management of Information Services, and is therefore provided under management and administration of the organization. The volume increase of $1.0 million is attributable, as explained above, to the strengthening of the internal audit section.

III. DRAFT APPROPRIATIONS DECISION

131. In light of the above, the Executive Director recommends that the Executive Board adopt the following decision:

The Executive Board

Having considered the 2000-2001 biennial support budget estimates of the United Nations Population Fund, as contained in document DP/FPA/1999/11,

(a) Approves gross appropriations in the amount of $149,384,600 for the purposes indicated below and resolves that the income estimates of $22,000,000 shall be used to offset the gross appropriations, resulting in estimated net appropriations of $127,384,600.

2000-2001 Biennial support budget	
(In thousands of United States dollars)	
Programme support:	
Country offices	75,202.8
Headquarters	27,836.7
Subtotal	103,039.5
Management and administration of the organization	46,345.1
Total gross appropriations	149,384.6
Less: Estimated income to the budget	22,000.0
Estimated net appropriations	127,384.6

(b) Authorizes the Executive Director to redeploy resources between appropriation lines up to a maximum of 5 per cent of the appropriation to which the resources are redeployed.

Table I. Budget estimates by organizational unit within appropriation line and estimated income to the budget, 2000-2001

(Thousands of United States dollars)

Appropriation line/ Organizational unit	1998-1999 approved appropriations	Changes Volume Amount	Volume %	Cost	2000-2001 estimates	Increase/Decrease US $000	Increase/Decrease %
A. Programme support							
1. Country Offices							
Africa	32,224.9	(8o0.3)	-2.7%	1,901.8	33,266.4	1,041.5	3.2%
Arab States and Europe	10,960.8	(325.8)	-3.0%	1,366.6	12,001.6	1,040.8	9.5%
Asia and the Pacific	18,269.2	(1,179.0)	-6.5%	(773.9)	16,316.3	(1,952.9)	-10.7%
Latin America and the Caribbean	12,029.3	168.2	1.4%	1,421.0	13,618.5	1,589.2	13.2%
Subtotal	73,484.2	(2,196.9)	-3.0%	3,915.5	75,202.8	1,718.6	2.3%
2. Headquarters							
Africa Division	5,280.5	(289.3)	-5.5%	468.8	5,460.0	179.5	3.4%
Division for Arab States and Europe	3,017.9	(33.4)	-1.1%	393.7	3,378.3	360.4	11.9%
Asia and the Pacific Division	3,984.8	(304.6)	-7.6%	319.6	3,999.8	15.0	0.4%
Latin America and the Caribbean Division	2,852.9	(25.6)	-0.9%	257.1	3,084.4	231.5	8.1%
Technical and Policy Division	12,063.2	(853.7)	-7.1%	704.8	11,914.3	(148.9)	-1.2%
Subtotal	27,199.3	(1,506.6)	-5.5%	2,144.0	27,836.7	637.4	2.3%
Subtotal: Programme support	100,683.5	(3,703.5)	-3.7%	6,059.5	103,039.4	2,356.0	2.3%
B. Management and admin. of organization							
Office of Executive Director	5,032.7	(74.2)	-1.5%	685.1	5,643.7	611.0	12.1%
Office of Oversight and Evaluation	2,433.9	3.8	0.2%	421.8	2,859.5	425.6	17.5%
Information and External Relations Div.	10,694.1	(6.3)	-0.1%	624.9	11,312.7	618.6	5.8%
Div. of Finance, Admin and MIS	20,326.2	907.9	4.5%	529.7	21,763.7	1,437.5	7.1%
Office of Personnel and Training	4,085.2	(36.5)	-0.9%	716.9	4,765.6	680.4	16.7%
Subtotal	42,572.0	794.8	1.9%	2,978.3	46,345.2	3,773.1	8.9%
TOTAL GROSS APPROPRIATION	143,255.5	(2,908.7)	-2.0%	9,037.9	149,384.6	6,129.1	4.3%
Estimated Income 1/	(15,707.0)				(22,000.0)	(6,293.0)	40.1%
TOTAL NET APPROPRIATIONS	127,548.5				127,384.6	(163.9)	-0.1%

1/ For UNFPA the estimated income includes: income from support to Other Resources (i.e. multi-bilateral resources) relating to programmes; income from support and procurement services provided to government-executed projects; as appropriate, the estimated balance of income from procurement services to third parties, after deduction of direct costs, and the income tax reimbursed to staff members in certain states

Table II. Budget estimates by expenditure category within appropriation line, 2000-2001

(Thousands of United States dollars)

Appropriation line/ Organizational unit	1998-1999 approved appropriations	Changes Volume Amount	Volume %	Cost	2000-2001 estimates	Increase/ Decrease US $000	%
A. Programme support							
1. Country Offices							
Posts	51,912.4	1,183.4	2.3%	2,570.7	55,666.5	3,754.1	7.2%
Other staff costs	949.0	(42.9)	-4.5%	43.5	949.5	0.5	0.1%
Consultants	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Travel	2,495.9	(473.8)	-19.0%	97.1	2,119.1	(376.8)	-15.1%
Operating expenses	14,646.0	(2,737.6)	-18.7%	1,043.2	12,951.6	(1,694.4)	-11.6%
Furniture and equipment	3,481.0	(125.9)	-3.6%	161.0	3,516.1	35.2	1.0%
Subtotal	73,484.2	(2,196.9)	-3.0%	3,915.5	75,202.8	1,718.6	2.3%
2. Headquarters							
Posts	22,193.6	(1,135.2)	-5.1%	1,452.3	22,510.7	317.1	1.4%
Other staff costs	218.5	(0.5)	-0.2%	10.5	228.4	9.9	4.5%
Consultants	170.3	18.9	11.1%	9.1	197.9	27.9	16.4%
Travel	627.4	(177.4)	-28.3%	21.6	471.6	(155.8)	-24.8%
Operating expenses	3,502.7	(62.2)	-1.8%	641.3	4,081.9	579.2	16.5%
Furniture and equipment	467.1	(150.3)	-30.8%	9.4	346.2	(140.9)	-28.9%
Reimbursements	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
Subtotal	27,199.3	(1,506.6)	-5.5%	2,144.0	27,836.7	637.4	2.3%
Subtotal Programme Support	100,683.5	(3,703.5)	-3.7%	6,059.5	103,039.5	2,356.0	2.3%
B. Mgmt and admin. of org.							
Posts	25,363.0	63.0	0.2%	1,690.5	27,116.5	1,753.5	6.9%
Other staff costs	367.6	14.7	4.0%	18.3	400.6	33.0	9.0%
Consultants	508.1	(61.3)	-12.1%	21.4	468.3	(39.8)	-7.8%
Travel	1,515.7	(165.2)	-10.9%	64.7	1,415.2	(100.5)	-6.6%
Operating expenses	6,634.1	113.6	1.7%	1,051.1	7,798.8	1,164.7	17.6%
Furniture and equipment	582.0	(175.0)	-30.1%	21.9	428.9	(153.1)	-26.3%
Reimbursements	7,601.5	1,005.0	13.2%	110.3	8,716.8	1,115.3	14.7%
Subtotal	42,572.0	794.8	1.9%	2,978.3	46,345.2	3,773.2	8.9%
TOTAL							
Posts	99,469.0	111.3	0.1%	5,713.4	105,293.7	5,824.7	5.9%
Other staff costs	1,535.1	(28.8)	-1.9%	72.3	1,578.6	43.5	2.8%
Consultants	678.1	(42.4)	-6.2%	30.5	666.2	(11.9)	-1.8%
Travel	4,639.0	(816.4)	-17.6%	183.3	4,005.9	(633.1)	-13.6%
Operating expenses	24,782.8	(2,686.3)	-10.8%	2,735.6	24,832.2	49.4	0.2%
Furniture and equipment	4,550.1	(451.2)	-9.9%	192.3	4,291.2	(258.8)	-5.7%
Reimbursements	7,601.5	1,005.0	13.2%	110.3	8,716.8	1,115.3	14.7%
TOTAL GROSS BUDGET ESTIMATES	143,255.5	(2,908.7)	-2.0%	9,037.9	149,384.6	6,129.1	4.3%
Estimated Income	(15,707.0)				(22,000.0)	(6,293.0)	40.1%
TOTAL NET BUDGET ESTIMATES	127,548.5	(2,908.7)	-2.3%	9,037.9	127,384.6	(163.9)	-0.1%

Table III. Estimated distribution of posts by source of funds and organizational unit, 2000-2001

Source of funds/ Organizational Unit		International professional category and above										
		USG ASG	D-2	D-1	P-5	P-4	P-3	P2/1	Total	Nat. Prof.	GS and Other Categ.	Grand Total
A. Programme support												
1. Country offices												
1998-1999	Regular resources			18	55	9	7	0	89	156	485	730
	Total - A1	-	-	**18**	**55**	**9**	**7**	-	**89**	**156**	**485**	730
2000-2001	Regular resources		0	0	18	9	9	7	0	89	170	517	776
	Total - A1	-	-	**18**	**55**	**9**	**7**	**0**	**89**	**170**	**517**	**776**
2. Headquarters												
Africa Division												
1998-1999	Regular resources		1	0	2	4	4	0	11	0	12	23
	Total	-	**1**	-	**2**	**4**	**4**	-	**11**	-	**12**	**23**
2000-2001	Regular resources		1	0	2	4	4	0	11	0	12	23
	Total	-	**1**	-	**2**	**4**	**4**	-	**11**	-	**12**	**23**
Division for Arab States and Europe												
1998-1999	Regular resources		1	0	1	2	2	0	6	0	7	13
	Total	-	**1**	-	**1**	**2**	**2**	-	**6**	-	**7**	**13**
2000-2001	Regular resources		1	0	1	2	2	0	6	0	7	13
	Total	-	**1**	-	**1**	**2**	**2**	-	**6**	-	**7**	**13**
Asia and the Pacific Division												
1998-1999	Regular resources		1	0	2	3	2	0	8	0	9	17
	Total	-	**1**	-	**2**	**3**	**2**	-	**8**	-	**9**	**17**
2000-2001	Regular resources		1	0	2	3	2	0	8	0	9	17
	Total	-	**1**	-	**2**	**3**	**2**	-	**8**	-	**9**	**17**
Latin America and the Caribbean Division												
1998-1999	Regular resources		1	0	1	1	3	0	6	0	6	12
	Total	-	**1**	-	**1**	**1**	**3**	-	**6**	-	**6**	**12**
2000-2001	Regular resources		1	0	1	1	3	0	6	0	6	12
	Total	-	**1**	-	**1**	**1**	**3**	-	**6**	-	**6**	**12**
Technical and Policy Division												
1998-1999	Regular resources		1	3	16	1	2	0	23	0	21	44
	Total	-	**1**	**3**	**16**	**1**	**2**	-	**23**	-	**21**	**44**
2000-2001	Regular resources		1	3	16	1	2	0	23	0	21	44
	Total	-	**1**	**3**	**16**	**1**	**2**	-	**23**	-	**21**	**44**
Total: A2 Programme support HQ												
1998-1999	Regular resources	-	5	3	22	11	13	0	54	0	55	109
	Total - A2	-	**5**	**3**	**22**	**11**	**13**	-	**54**	-	**55**	**109**
2000-2001	Regular resources	-	5	3	22	11	13	0	54	0	55	109
	Total - A2	-	**5**	**3**	**22**	**11**	**13**	-	**54**	-	**55**	**109**
Total: A. Programme support												
1998-1999	Regular resources	-	5	21	77	20	20	0	143	156	540	839
	Total - A	-	**5**	**21**	**77**	**20**	**20**	-	**143**	**156**	**540**	**839**
2000-2001	Regular resources	-	5	21	77	20	20	0	143	170	572	885
	Total - A	-	**5**	**21**	**77**	**20**	**20**	-	**143**	**170**	**572**	**885**

Table III. (cont.) Estimated distribution of posts by source of funds and organizational unit, 1998-1999

Source of funds/ Organizational Unit	USG ASG	International professional category and above							Nat. Prof.	GS and Other Categ.	Grand Total
		D-2	D-1	P-5	P-4	P-3	P2/1	Total			
B. Management and admin. of org											
Office of Executive Director											
1998-1999 Regular resources		3	1	1	1	2	0	0	8	0	9	17
Total		3	1	1	1	2	-	-	8	-	9	17
2000-2001 Regular resources		3	1	1	1	2	0	0	8	0	9	17
Total		3	1	1	1	2	-	-	8	-	9	17
Office of Oversight and Evaluation											
1998-1999 Regular resources				1	4	1	0	0	6	0	4	10
Total	-	-		1	4	1	-	-	6	-	4	10
2000-2001 Regular resources				1	4	1	0	0	6	0	4	10
Total	-	-		1	4	1	-	-	6	-	4	10
Division for Finance, Admin. and MIS											
1998-1999 Regular resources		1	0	5	6	3	0	15	0	40	55
Other res rel to Reimb					2		1	3		4	7
Total	-	1	-	5	8	3	1	18	-	44	62
2000-2001 Regular resources		1	0	5	6	3	0	15	0	40	55
Other res rel to Reimb					2		1	3		4	7
Total	-	1	-	5	8	3	1	18	-	44	62
Information and External Relations Division											
1998-1999 Regular resources	-	1	2	6	1	4	0	14	0	18	32
Total	-	1	2	6	1	4	-	14	-	18	32
2000-2001 Regular resources	-	1	2	6	1	4	0	14	0	18	32
Total	-	1	2	6	1	4	-	14	-	18	32
Office of Personnel and Training											
1998-1999 Regular resources		0	1	2	3	2	0	8	0	11	19
Total	-	0	1	2	3	2	-	8	-	11	19
2000-2001 Regular resources		0	1	2	3	2	0	8	0	11	19
Total	-	0	1	2	3	2	-	8	-	11	19
Total B. Man. and admin. of org.											
1998-1999 Regular resources		3	3	5	18	13	9	0	51	0	82	133
Other res rel to Reimb		0	0	0	0	2	0	1	3	0	4	7
Total - B		3	3	5	18	15	9	1	54	-	86	140
2000-2001 Regular resources		3	3	5	18	13	9	0	51	0	82	133
Other res rel to Reimb		0	0	0	0	2	0	1	3	0	4	7
Total - B		3	3	5	18	15	9	1	54	-	86	140
Grand Total											
1998-1999 Regular resources		3	8	26	95	33	29	0	194	156	622	972
Other res rel to Reimb		0	0	0	0	2	0	1	3	0	4	7
GRAND TOTAL		3	8	26	95	35	29	1	197	156	626	979
2000-2001 Regular resources		3	8	26	95	33	29	0	194	170	654	1018
Other res rel to Reimb		0	0	0	0	2	0	1	3	0	4	7
GRAND TOTAL		3	8	26	95	35	29	1	197	170	658	1025

Notes: 1/ One National Secretarial & Clerical Post in China is temporarily filled by an Field Service Level staff
2/ UNFPA reimburses the Government of the Dem. People's Rep. Of Korea for the cost of seconded support staff
3/ Other resources: posts established as per methodology explained in document DP/1997/2 on UNDP/UNFPA/UNICEF Harmonization

Annex I

TERMINOLOGY

Terms upon which common agreement has been reached and their corresponding definitions are given below.

Appropriation line - Definition similar to those included in the Financial Regulations of UNDP, UNFPA and UNICEF

A subdivision of the appropriation for which a specific amount is shown in the appropriation decision and within which the executive head of an organization is authorized to make transfers without prior approval.

Biennial support budget

The budget of an organization covering Programme support and Management and administration of the organization.

Cost (increase/decrease) - ACC definition

Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Management and administration of organization

Organizational units whose primary function is the maintenance of the identity, direction and well-being of an organization. This will typically include units that carry out the functions of executive direction, organizational policy and evaluation, external relations, information and administration.

Other resources

Resources of a voluntarily funded organization, other than Regular resources, which are received for a specific programme purpose (Other resources relating to programmes) and for the provision of specific services to third parties (Other resources relating to reimbursements).

Other resources relating to programmes

Resources of a voluntarily funded organization, other than Regular resources, which are received for a specific programme purpose that is consistent with the aims and activities of the organization. These will include voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Other resources relating to reimbursements

Resources of a voluntarily funded organization that are received from third parties to cover the cost of providing specific services not related to carrying out Programmes entrusted to it for implementation.

Programmes

Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Programme support

Organizational units whose primary function is the development, formulation, delivery and evaluation of an organization's programmes. This will typically include units that provide backstopping of programmes either on a technical, thematic, geographic, logistical or administrative basis.

Regular resources

Resources of a voluntarily funded organization that are co-mingled and untied. These will include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Various cost adjustments

Cost increases/decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments.

Volume (increase/decrease)

Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

Annex II

METHODOLOGY

1. The methodology involves several sequential steps in calculating estimates. These calculations are effected separately for each year of a biennium. Essentially, the methodology is to take the approved appropriations for the first year of the current biennium and add the volume and cost adjustments, which results in the estimates required for the first year of the proposed biennium. Similarly, the approved appropriations for the second year of the current biennium are updated to result in the estimates required for the second year of the proposed biennium. It should be borne in mind that, normally, the time during which estimates are prepared for the proposed Biennial support budget is the first months of the second year of the current biennium. A description of each sequential step follows.

I. Volume Adjustments

2. First, using the approved appropriations as a base, the real increases or decreases in requirements are calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, subject to the executive head's assessment of what the organization requires to perform the task with which it is entrusted. Such volume changes are calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

II. Various Cost Adjustments

3. To the approved appropriations and volume changes are added cost increases or decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments. Except for within-grade increments, they reflect only known changes that have occurred in the two years since the preparation of the last Biennial support budget. Such cost factors include, for example, ICSC decisions of the International Civil Service Commission on a variety of staff entitlements (e.g., dependency allowance, education grant), and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot on relocation of premises.

IV. Currency Adjustment

4 Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. These currency adjustments would normally be the difference between the United Nations operational rate of exchange in effect on, for example, 1 April of the year preceding the current biennium and for example, on 1 April of

the second year of the current biennium, i.e., the time of preparation of the proposed biennial support budget. This factor is of particular importance given the extent of the field offices of the organization, where operating costs vary greatly with the strength or otherwise of the United States dollar.

IV. Inflation Adjustment

5. Finally, to complete the picture and to develop the final estimate of requirements for the next biennium, the organization must adjust or estimate, as appropriate, inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency; as follows:

(a) For the first year of the current biennium to the first year of the proposed biennium. The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition therefore includes:

(i) The difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;
(ii) The difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium; and
(iii) The inflation projection for the first year of the proposed biennium.

(b) For the second year of the current biennium to the second year of the proposed biennium:

(i) - (iii) as in (a) above, and
(iv) The inflation projection for the second year of the proposed biennium.

6. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The first inflation factor pertains to the estimated movement of post adjustment for international Professional staff;
(b) The second inflation factor pertains to international travel and common staff costs for internal Professional staff (this is the same for all locations);
(c) The third factor encompasses salaries and common staff costs for local staff, i.e., in the national Professional category and General Service and other categories, which may vary significantly from location to location; and
(d) The fourth factor relates to all other costs, such a operating expenses.

7. Within the general framework, New York and Geneva are treated separately from field offices. For these two locations, the rates used are the same as those used by the United Nations unless specific contractual commitments differ.

8. Apart from a limited number of cost elements such international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates are compared with past experience and current global patters and/or information that is available and published before being applied to the budget estimates.

- - - - -